

Kid

Interim report Q4 2015



Dear Shareholders

As we now have turned the page to a new year, I would like to take this opportunity to share some highlights from the past 12 months. 2015 was a rejuvenating and challenging year for Kid Interiør, in which we have continued to build a solid platform for further development and growth, as well as demonstrated our ability to adapt to changing market conditions. Key take-aways from 2015 are:

- **Increased market share** – Based on recent statistics from Statistics Norway, Kid gained market share both in Q4 and in 2015, continuing recent years' trend. Kid outperformed the market growth in the fourth quarter with 5.1 percentage points, and 5.4 percentage points for the full year 2015.
- **Currency changes** – Kid sources 90% of its goods in US dollars. When entering into 2015, the USDNOK exchange rate was at an unfavourable level compared to recent years. In order to secure gross margins we decided to increase prices, and to start a transformation of parts of the assortment to maintain our strategic price points. The job is not completed, but we are proud to deliver a gross margin of 60%, in line with the past 10 years.
- **Building for the future** – in June we moved the administration and warehouse functions to a new central warehouse in Lier. The moving process was completed in 14 days while maintaining full distribution. The new facilities have given us increased warehouse capacity for further growth, while also enabling better collaboration and innovative processes for our employees in marketing, store operations and assortment.
- **Weather impact** – Our summer campaign suffered from lack of warm and dry weather in Q2, and when the warm summer weather finally came in August, timing of our back-to-school campaign impacted sales negatively in Q3.
- **Going public** – The preparations for listing on the Oslo Stock Exchange started in May and was completed on November 2nd. While being an interesting and educating process, it also demanded management resources. Going forward we will focus all our energy on developing Kid Interiør further.
- **It's Christmas every year** – In this report you will find the financials for the fourth Quarter. Christmas has proved to be more weather independent, and despite lack of snow in large parts of Norway this Christmas, we still delivered all-time-high revenues.



We believe that we are well positioned to continue our growth in the Norwegian market. We have strengthened the position as market leader and maintained our strong "value for money" proposition. The management team is committed to our business plan and has full focus on core business in the year to come. To keep you up to date on our development, we have decided to start reporting quarterly sales within a week after the quarter ends. These reporting dates are available in our financial calendar.

Yours sincerely,

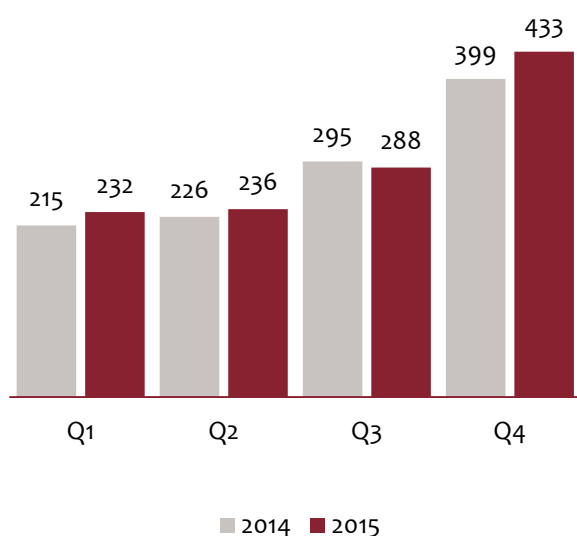
Kjersti Hobøl
CEO

Fourth quarter in brief

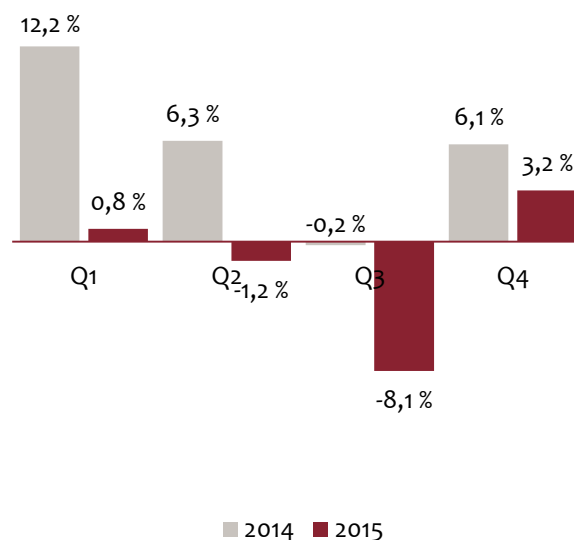
(Figures from corresponding period the previous year in brackets)

- Revenues of NOK 433.1 million (NOK 399.2 million), growing by +8.5% in the quarter, driven by successful Christmas campaigns. In the same period, the sale of home textiles in specialised stores in Norway increased by +3.3%, according to Statistics Norway.
- For the fiscal year 2015, revenues amounted to NOK 1188.4 million (NOK 1135.9 million), increasing by 4.6% compared to 2014.
- Like-for-like (LFL) sales growth of 3.2% in the quarter and -1.1% in 2015.
- Gross margin after realised currency effects of 60.3% (62.9%) in Q4. The decrease in gross margins was mainly due to a larger share of products sold on campaigns with discounts. Strategic price points were unchanged from 2014 to ensure customer traffic. For the fiscal year of 2015, gross margin was 60.0% (62.2%).
- Adjusted EBITDA of NOK 99.6 million (NOK 95.2 million) in Q4 and NOK 169,3 mill. (NOK 186,7 mill.) in 2015.
- New stores were opened in Stavanger (Klubbgata) and Sarpsborg (Storbyen). The stores at Rygge and Stathelle were relocated, and the store outside Bodø was relocated into City Nord shopping centre. The store at Vestkanten in Bergen was expanded.
- The Board of Directors proposes a dividend of NOK 1.50 per share for 2015

Revenues, NOK million



Like-for-like growth

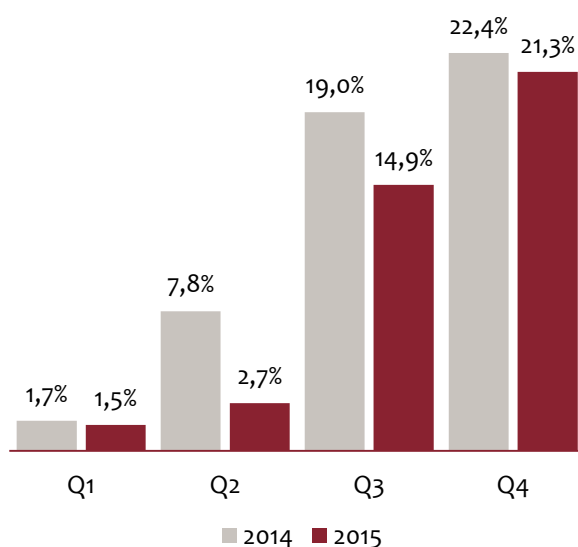


Key figures

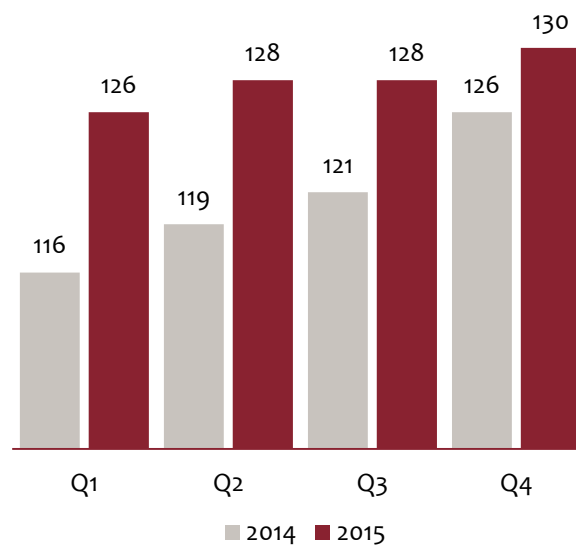
| (Amounts in NOK million) | Q4 2015 | Q4 2014 | Q1-Q4 2015 | Q1-Q4 2014 |
|--------------------------------------|---------|---------|------------|------------|
| Revenues | 433,1 | 399,3 | 1188,4 | 1135,9 |
| Growth | 8,5% | 13,6% | 4,6% | 10,1% |
| LFL growth | 3,2% | 6,1% | -1,1% | 6,0% |
| No. of shopping days in period | 77 | 77 | 304 | 303 |
| No. of physical stores at period end | 130 | 126 | 130 | 126 |
| COGS including realized FX-effects | -171,8 | -148,1 | -475,9 | -429,8 |
| Gross profit | 261,3 | 251,2 | 712,6 | 706,1 |
| Gross margin (%) | 60,3% | 62,9% | 60,0% | 62,2% |
| Adj. EBITDA* | 99,6 | 95,2 | 169,3 | 186,7 |
| EBITDA margin (%) | 23,0% | 23,8% | 14,2% | 16,4% |
| Adj. EBIT* | 92,2 | 89,3 | 144,9 | 166,8 |
| EBIT margin (%) | 21,3% | 22,4% | 12,2% | 14,7% |
| Adj. Net Income* | 64,7 | 60,7 | 92,8 | 103,0 |
| #shares at period end | 40,6 | 35,0 | 40,6 | 35,0 |
| Adj. Earnings per share | 1,59 | 1,73 | 2,28 | 2,94 |

*Adjusted for non-recurring items, financial costs related to interest SWAP, "other unrealized (losses)/gains" and change in deferred tax caused by the lower tax rate.

Adjusted EBIT margin



Number of physical stores (period end)



Operational review

The fourth quarter is the most important with regards to revenue and profit for Kid Interiør. Kid's revenues increased by 8.5% in the fourth quarter of 2015 compared to the fourth quarter of 2014 (13.6%). In the same period, the sale of home textiles in specialised stores in Norway increased by 3.3%, according to Statistics Norway. Kid's increase was primarily driven by the Christmas campaigns. Four new stores have been opened since the end of Q4 2014.

As communicated in the report for the third quarter of 2015, revenue growth in October was strong. The campaign plan was re-arranged from previous years in order to increase the marketing effect in the peak season of December. This had a limited impact on revenue in November, but resulted in a strong boost in sales during December as intended. The gross margin in the quarter was down -2.6 percentage points from the same quarter in 2014. Kid achieved the targeted gross margin on products sold at full price. Counteracting this was a change in the product mix, with a somewhat higher share of discounted goods sold.

Our main focus this quarter has been to continue growth-enhancing strategic and operational initiatives. Key initiatives and milestones have been:

- Execution of new successful campaign plan, with changed timing and content of campaigns compared to previous years.
- Distributing high volumes of goods to stores and online customers from the central warehouse in the peak season.
- Strong focus on optimizing personnel expenses in the peak season. Like-for-like personnel expenses in our stores increased by only 1.8% in the quarter, despite general salary increase and like-for-like sales.
- Continued focus on our customer loyalty program aimed at increasing store traffic, shopping frequency and basket size. The program was launched in June 2015. By the end of the fourth quarter the loyalty program had 260,000 members.
- Listing Kid ASA on Oslo Stock exchange on November 2nd



Financial review

The figures reported in the Q4 report has not been subject to a review by the Group's auditor PwC, and the preparation has required management to make accounting judgements and estimates that impact the figures. Figures from corresponding period the previous year are in brackets, unless otherwise specified.

Profit and loss

Revenue in the fourth quarter of 2015 amounted to NOK 433.1 million (NOK 399.3 million), which represents an increase of 8.5% compared to the fourth quarter of 2014 (13.6%). The campaign plan was re-arranged from previous years in order to increase the marketing effect in the peak season of December. This had a limited impact on revenue in November, but resulted in a strong boost in sales during December as intended. The LFL growth in the quarter was 3.2%, while LFL growth for the fiscal year of 2015 was -1.1%.

Online sales grew 53.6% in the fourth quarter of 2015 compared to the fourth quarter of 2014. Last twelve months online revenues were NOK 20.4 million as of December 31, 2015 - a growth of 54.6% from the corresponding period last year.

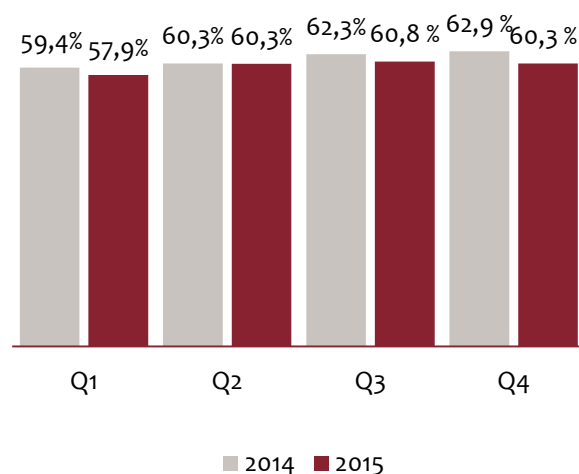
For the fiscal year of 2015, revenues amounted to NOK 1188.4 million (NOK 1135.9 million), growing by 4.6% compared to 2014. The key drivers for the growth were positive like-for-like growth in the first and fourth quarter, and new store openings.

During the fourth quarter of 2015, new stores was opened in Stavanger (Klubbgata) and Sarpsborg (Storbyen). The stores at Rygge and Stathelle were relocated, and the store outside Bodø was relocated into City Nord shopping centre. The store at Vestkanten in Bergen was expanded.

Gross margin after realised currency effects was 60.3% (62.9%) for the quarter, and 60.0% (62.2%) for the full year 2015. The gross margin has been affected by the strengthening of the USDNOK exchange rate from 2014 to 2015, as approximately 90% of goods purchases are denominated in USD.

To compensate for a weaker NOK, Kid has increased prices to customers accordingly, and hence achieved the targeted gross margin on products sold at full price. Counteracting this was a change in the product mix, with a somewhat higher share of discounted goods sold with a lower margin. Selected strategic price points on campaign products were unchanged from the previous year, and ensured customer traffic to stores, thus reducing the gross margin on these high-volume goods.

Gross margin:



Other operating expenses, including employee benefit expenses, were NOK 161.8 million (NOK 156.1 million) in the fourth quarter. Other operating expenses include a non-recurring adjustment of NOK 2.1 million related to the Initial Public Offering ("IPO"). The costs related to the IPO was NOK 11.4 million in 2015, above the estimated NOK 9 million as communicated in the Prospectus. NOK 5.6 million of the IPO cost is recognized as a reduction of share

premium, and NOK 5.8 million is recognized as an one-off operating expense.

Employee expenses amounted to NOK 84.8 million (NOK 81.3 million) in the fourth quarter, an increase of 4.3%. The previous management incentive program was terminated per 31.12.2015 and accounted for NOK 2.3 million of the employee expenses increase in the fourth quarter compared to the same quarter in 2014. A new management incentive model has taken effect from 1.1.2016, which will reduce personel costs in 2016. The remainder of the employee expenses increase was due to 6 new stores (time weighted) compared to the same period previous year, as well as general salary increases.

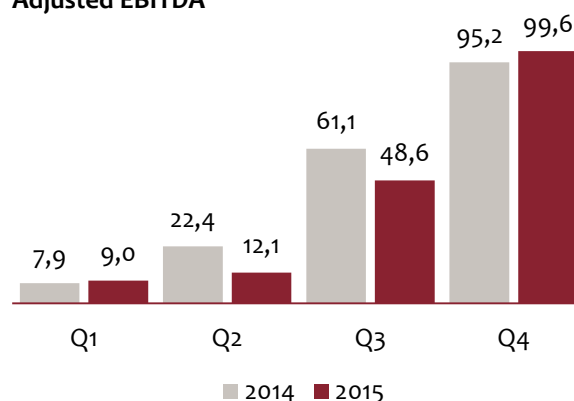
Other operating expenses have increased in the period due to net new store openings and inflation, amounting to NOK 77.0 million (NOK 74.8 million) in the fourth quarter.

For the fiscal year of 2015, other operating expenses, including employee benefits, amounted to NOK 544.6 million (NOK 519.6 million). Adjustments for all four quarters amounted to NOK 9.5 million (NOK 0.0 million), and were related to the IPO process and the relocation of the warehouse and headquarters to new premises in Lier in June.

Adjusted EBITDA amounted to NOK 99.6 million (NOK 95.2 million) in the fourth quarter. EBITDA is adjusted for unrealized losses/gains related to fluctuations in spot rates vs. currency derivative hedging values. For the fourth quarter, Kid had a change in unrealized gains of NOK -0.1 million (NOK -2.0 million). EBITDA was positively affected by strong sales development, but the effect was reduced due to a lower gross margin.

Adjusted EBITDA for the fiscal year of 2015 was NOK 169.3 million (NOK 186.7 million), down -9.3%. Adjustments in relation to unrealized gains/losses amounted to a gain of NOK 14.2 million (NOK -2.6 million) for the full year.

Adjusted EBITDA



Adjusted EBIT amounted to NOK 92.2 million (NOK 89.3 million) in the fourth quarter, corresponding to an EBIT margin of 21.3% (22.4%). In addition to the effects described above, EBIT was affected by increased depreciation due to last year's CAPEX levels.

Adjusted EBIT for the fiscal year of 2015 was NOK 144.9 million (NOK 166.8 million), corresponding to an EBIT margin of 12.2% (14.7%).

Adjusted net financial expenses amounted to NOK 4.1 million (NOK 6.1 million) in the fourth quarter. Net financial expenses are adjusted for expenses and fair value adjustments related to a swap contract. The total adjustment in relation to the swap contract was NOK 0.2 million (NOK 9.2 million) in the fourth quarter. The swap contract was terminated on November 3rd 2015. Adjusted net financial expenses were positively affected by decreased loan margins and lower long-term debt. An instalment of NOK 75 million was paid on November 10th 2015.

Adjusted net financial expenses for the fiscal year of 2015 was NOK 18.4 million (NOK 25.7 million). The total adjustment in relation to the swap contract was NOK 1.8 million (NOK 17.7 million) in the full year of 2015.

Adjusted net income amounted to NOK 64.7 million (NOK 60.7 million) in the fourth quarter and NOK 92.8 million (NOK 103.0 million) in 2015. Net income is adjusted for a change in deferred tax related to trademark of NOK-29.2 million caused by the reduced tax rate from 27% to 25% with effect from 1.1.2016.

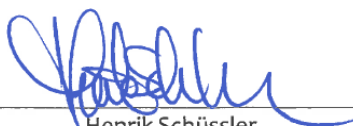
| Adjustments overview (NOK million) | Q4 2015 | Q4 2014 | FY 2015 | FY 2014 |
|---------------------------------------|--------------|-------------|--------------|-------------|
| Cost of relocation to new warehouse | | | 3,7 | |
| Cost related to IPO | 2,1 | | 5,8 | |
| Unrealized losses/gains | 0,1 | 2,0 | -14,2 | 2,6 |
| EBITDA adjustments | 2,2 | 2,0 | -4,7 | 2,6 |
| SWAP | 0,2 | 9,2 | 1,8 | 17,7 |
| Profit adjustments before tax | 2,4 | 11,2 | -2,9 | 20,3 |
| Deferred tax effect of lower tax rate | -29,2 | | -29,2 | |
| Tax effect of profit adjustments | -0,6 | -3,0 | 0,8 | -5,5 |
| Net profit (loss) adjustments | -27,5 | 8,1 | -31,3 | 14,8 |

Events after the end of the reporting period

The Board of Directors proposes a dividend of NOK 1.50 per share for 2015, representing 65.7 per cent of preliminary adjusted net income for 2015. The dividend is within the policy of 60-70% of adjusted net income


Lier, 11th February 2016

The board of Kid ASA


Henrik Schüssler
Chairman


Bjørn Rune Gjelsten
Board member


Karin Bing Orgland
Board member


Vilde Falck-Ytter
Board member


Pål Frimann Clausen
Board member

Kid ASA Q4 2015

Financial statements

Interim condensed consolidated statement of profit and loss for the three and twelve months ended 31 December 2015 and 2014

| (Amounts in NOK thousand) | Note | Q4 2015 Unaudited | Q4 2014 Unaudited | Full Year 2015 Unaudited | Full Year 2014 Audited |
|---|------|----------------------|----------------------|-----------------------------|------------------------------|
| Revenue | | 433 115 | 399 260 | 1 188 433 | 1 135 914 |
| Other operating income | | 114 | 113 | 1 294 | 190 |
| Total revenue | | 433 229 | 399 373 | 1 189 726 | 1 136 104 |
| Cost of goods sold | | 179 709 | 150 917 | 498 267 | 439 417 |
| Employee benefits expense | | 84 791 | 81 291 | 271 342 | 260 188 |
| Depreciation and amortisation expenses | 9 | 7 470 | 5 927 | 24 447 | 19 848 |
| Other operating expenses | | 79 043 | 74 807 | 282 690 | 259 446 |
| Total operating expenses | | 351 014 | 312 943 | 1 076 745 | 978 900 |
| Other realized (losses)/gains- net | 6 | 7 895 | 2 820 | 22 405 | 9 601 |
| Other unrealized (losses)/gains- net | 6 | -144 | -1 951 | 14 206 | -2 599 |
| Operating profit | | 89 965 | 87 300 | 149 592 | 164 206 |
| Other financial income | | 94 | 234 | 471 | 393 |
| Other financial expense | | 5 219 | 8 148 | 26 225 | 32 907 |
| Changes in fair value of financial current assets | | 836 | -7 401 | 5 537 | -10 825 |
| Net financial income (+) / expense (-) | | -4 289 | -15 315 | -20 217 | -43 338 |
| Profit before tax | | 85 676 | 71 984 | 129 375 | 120 868 |
| Income tax expense | | -6 516 | 19 475 | 5 297 | 32 705 |
| Net profit (loss) for the period | | 92 192 | 52 509 | 124 078 | 88 163 |
| Interim condensed consolidated statement of comprehensive income | | | | | |
| Profit for the period | | 92 192 | 52 509 | 124 078 | 88 163 |
| Other comprehensive income | | 0 | 0 | 0 | 0 |
| Total comprehensive income | | 92 192 | 52 509 | 124 078 | 88 163 |
| Attributable to equity holders of the parent | | 92 192 | 52 509 | 124 078 | 88 163 |
| Earnings per share (EPS): | | 2,38 | 1,50 | 3,45 | 2,52 |

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

Interim condensed consolidated statement of financial position for the twelve months ended 31 December 2015 and 2014

| (Amounts in NOK thousand) | Note | 31.12.2015 Unaudited | 42004 Audited |
|--|------|-------------------------|------------------|
| Assets | | | |
| Trademark | 9 | 1 459 585 | 1 459 585 |
| Total intangible assets | | 1 459 585 | 1 459 585 |
| Fixtures and fittings, tools, office machinery and equipment | 9 | 86 081 | 69 890 |
| Total tangible assets | | 86 081 | 69 890 |
| Total fixed assets | | 1 545 666 | 1 529 475 |
| Inventories | | 215 211 | 201 053 |
| Trade receivables | | 2 996 | 1 844 |
| Other receivables | 6 | 23 322 | 11 169 |
| Derivatives | 6 | 14 206 | 0 |
| Total receivables | | 40 524 | 13 013 |
| Cash and bank deposits | | 230 373 | 99 070 |
| Total current assets | | 486 108 | 313 136 |
| Total assets | | 2 031 774 | 1 842 611 |

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

Interim condensed consolidated statement of financial position for the twelve months ended 31 December 2015 and 2014

| (Amounts in NOK thousand) | Note | 31.12.2015 Unaudited | 31.12.2014 Audited |
|---------------------------------------|------|-------------------------|-----------------------|
| Equity and liabilities | | | |
| Share capital | | 48 774 | 42 000 |
| Share premium | | 321 049 | 156 874 |
| Other paid-in-equity | | 64 617 | 37 718 |
| Total paid-in-equity | | 434 440 | 236 592 |
| Other reserves - OCI | | 0 | 0 |
| Other equity | | 510 532 | 406 090 |
| Total equity | | 944 972 | 642 682 |
| Pensions liabilities | | 0 | 15 |
| Deferred tax | | 371 143 | 389 084 |
| Total provisions | | 371 143 | 389 099 |
| Liabilities to financial institutions | | 525 761 | 555 496 |
| Derivatives | | 0 | 25 892 |
| Total long-term liabilities | | 525 761 | 581 388 |
| Liabilities to financial institutions | | 0 | 45 000 |
| Trade creditors | | 38 785 | 22 255 |
| Tax payable | | 21 739 | 34 205 |
| Public duties payable | | 69 634 | 62 186 |
| Other short-term liabilities | | 59 740 | 65 798 |
| Total short-term liabilities | | 189 898 | 229 443 |
| Total liabilities | | 1 086 802 | 1 199 930 |
| Total equity and liabilities | | 2 031 774 | 1 842 612 |

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

Interim condensed consolidated statement of changes in equity for the twelve months ended 31 December 2015 and 2014

(Amounts in NOK thousand)

| | Total paid- in equity | Other equity | Total equity |
|---|-----------------------|----------------|----------------|
| | Unaudited | Unaudited | Unaudited |
| Balance at 1 January 2014 | 210 879 | 343 642 | 554 520 |
| Profit for the period YTD 2014 | 0 | 88 163 | 88 163 |
| Group contribution to/from parent company | 25 714 | -25 714 | 0 |
| Balance as at 31 December 2014 | 236 593 | 406 090 | 642 683 |
| Balance at 1 January 2015 | 236 593 | 406 090 | 642 683 |
| Profit for the period YTD 2015 | 0 | 124 078 | 124 078 |
| Contributions of equity, net of transaction costs | 170 949 | 0 | 170 949 |
| Group contribution to/from parent company | 26 898 | -19 636 | 7 263 |
| Balance as at 31 December 2015 | 434 440 | 510 532 | 944 972 |

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

Interim condensed consolidated statement of cash flows for the three and twelve months ended 31 December 2015 and 2014

| (Amounts in NOK thousand) | Note | Q4 2015 Unaudited | Q4 2014 Unaudited | Q1-Q4 2015 Unaudited | Full year 2014 Audited |
|--|------|----------------------|----------------------|-------------------------|---------------------------|
| Cash flow from operations | | | | | |
| Profit before income taxes | | 85 676 | 71 984 | 129 375 | 120 868 |
| Taxes paid in the period | | -8 743 | -18 873 | -26 942 | -28 873 |
| Gain/loss from sale of fixed assets | | 0 | 23 | 0 | 23 |
| Depreciation & impairment | 9 | 7 470 | 5 927 | 24 447 | 19 848 |
| Change in financial derivatives | | -692 | 9 352 | -19 743 | 13 424 |
| Differences in expensed pensions and payments in/out of the pension scheme | | -9 | -75 | -15 | -75 |
| Effect of exchange fluctuations | | 142 | -330 | 761 | -352 |
| Items classified as investments or financing | | 5 125 | 6 361 | 25 754 | 32 514 |
| Change in working capital | | | | | |
| Change in inventory | | 89 731 | 62 497 | -23 282 | -49 598 |
| Change in trade debtors | | -1 060 | 1 535 | -1 152 | 183 |
| Change in trade creditors | | 8 930 | -7 407 | 25 654 | 6 239 |
| Change in other provisions | | 45 035 | 39 485 | -6 213 | 6 251 |
| Net cash flow from operations | | 231 604 | 170 481 | 128 644 | 120 451 |
| Cash flow from investments | | | | | |
| Net proceeds from investment activities | | 0 | 158 | 0 | 158 |
| Purchase of fixed assets | 9 | -9 316 | -12 164 | -40 638 | -39 199 |
| Net cash flow from investments | | -9 316 | -12 006 | -40 638 | -39 041 |
| Cash flow from financing | | | | | |
| Change in debt | | -164 361 | -94 921 | -95 937 | -26 179 |
| Net interest | | -8 180 | -6 480 | -29 456 | -34 186 |
| Net proceeds from shares issued | 10 | 169 451 | 0 | 169 451 | |
| Net cash flow from financing | | -3 090 | -101 401 | 44 058 | -60 365 |
| Cash and cash equivalents at the beginning of the period | | 11 316 | 41 646 | 99 070 | 77 653 |
| Net change in cash and cash equivalents | | 219 199 | 57 074 | 132 065 | 21 045 |
| Exchange gains / (losses) on cash and cash equivalents | | -142 | 350 | -761 | 372 |
| Cash and cash equivalents at the end of the period | | 230 373 | 99 070 | 230 373 | 99 070 |

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

Note 1 Corporate information

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

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

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

Note 2 Basis of preparations

These condensed interim financial statements for the three and twelve months ended 31 December 2015 have been prepared in accordance with IAS 34, 'Interim financial reporting'. The condensed interim financial statements should be read in conjunction with the consolidated financial statements for the year ended 31 December 2014, which have been prepared in accordance with IFRS as adopted by the European Union ('IFRS').

Note 3 Accounting policies

The accounting policies applied in the preparation of the condensed consolidated interim financial statements are consistent with those applied in the preparation of the annual IFRS financial statements for the year ended 31 December 2014.

Amendments to IFRSs effective for the financial year ending 31 December 2015 are not expected to have a material impact on the group. The Group has not early adopted standards, interpretations or amendments that have been issued but is not yet effective.

Note 4 Estimates, judgements and assumptions

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

In preparing these condensed interim financial statements the significant judgements made by management inn applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements for the year ended 31 December 2014.

Note 5 Segment information

The Group sells home textiles in 130 fully owned stores across Norway and through the Group's online website. Over 97% of the products are sold under own brands. The Group's aggregate online sales are approximately equal to the sales of one physical store and it is therefore not considered as a separate segment. The Norwegian market is not divided into separate geographical regions with distinctive characteristics and Kid's operations cannot naturally be split in further segments.

Note 6 Financial instruments

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

The condensed interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the group's annual financial statements as at 31 December 2014.

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

Set out below is a comparison of the carrying amounts and fair values of financial assets and liabilities as at 31 December 2015 and 31 December 2014.

| (Amounts in NOK thousand) | 31 Dec 2015 | | 31 Dec 2014 | |
|--|-----------------|----------------|-----------------|----------------|
| | Carrying amount | Fair value | Carrying amount | Fair value |
| Financial assets | | | | |
| Loans and receivables | | | | |
| Trade and other receivables excluding pre-payments | 5 075 | 5 075 | 1 844 | 1 844 |
| Cash and cash equivalents | 230 373 | 230 373 | 99 070 | 99 070 |
| Total | 235 448 | 235 448 | 100 914 | 100 914 |
| Financial liabilities | | | | |
| Borrowings (excluding finance lease liabilities) | 525 000 | 525 000 | 600 000 | 600 000 |
| Finance lease liabilities | 761 | 761 | 1 344 | 1 344 |
| Trade and other payables excluding non-financial liabilities | 41 602 | 41 602 | 28 775 | 28 775 |
| Total | 567 363 | 567 363 | 630 119 | 630 119 |

| | | | | |
|---|---------------|---------------|---------------|---------------|
| Financial instruments measured at fair value through profit and loss | | | | |
| Derivatives - asset | | | | |
| Foreign exchange forward contracts | 14 206 | 14 206 | 0 | 0 |
| Total | 14 206 | 14 206 | 0 | 0 |
| Derivatives – liabilities | | | | |
| Interest rate swaps | 0 | 0 | 25 892 | 25 892 |
| Foreign exchange forward contracts | 0 | 0 | 0 | 0 |
| Total | 0 | 0 | 25 892 | 25 892 |

Fair value hierarchy

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

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

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

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

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

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

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

Note 7 Earnings per share

| | Q4 2015 | Q4 2014 | Q1-Q4 2015 | Q1-Q4 2014 |
|--|-------------|-------------|-------------|-------------|
| Weighted number of ordinary shares | 38 763 441 | 35 000 000 | 35 940 860 | 35 000 000 |
| Net profit or loss for the year | 92 192 | 52 509 | 124 078 | 88 163 |
| Earnings per share (basic and diluted) (Expressed in NOK per share) | 2,38 | 1,50 | 3,45 | 2,52 |

Note 8 Related party transactions

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

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

The following table provides the total amount of transactions that have been entered into with related parties during the twelve months ended 31 December 2015 and 2014:

| Lease agreements: | 2015 | 2014 |
|--|--------------|----------|
| Vågsgaten Handel AS with subsidiaries (Store rental) | 687 | 0 |
| Gilhus Invest AS (Headquarter rental) | 7 465 | 0 |
| Total | 8 152 | 0 |
| Mortensrud Næring AS* | -700 | 0 |

*Prepayment of lessor contribution to lessee fit-out costs. Classified as short-term debt.

Note 9 Fixed assets and intangible assets

| (amounts in NOK million) | PPE | Trademark |
|-------------------------------|-------------|---------------|
| Balance 01.01.2015 | 69,9 | 1459,6 |
| Additions | 40,6 | |
| Disposals and write downs | 0,0 | |
| Depreciation and amortisation | -24,4 | |
| Balance 31.12.2015 | 86,1 | 1459,6 |

| (amounts in NOK million) | PPE | Trademark |
|-------------------------------|-------------|---------------|
| Balance 01.01.2014 | 50,7 | 1459,6 |
| Additions | 39,2 | |
| Disposals and write downs | -0,2 | |
| Depreciation and amortisation | -19,8 | |
| Balance 31.12.2014 | 69,9 | 1459,6 |

Note 10 Share capital

| | Number of shares | Share capital | Share premium | Total |
|---|-------------------|---------------|----------------|----------------|
| Opening balance as at 1 January 2015 | 35 000 000 | 42 000 | 156 874 | 198 874 |
| Proceeds from shares issued | 5 645 162 | 6 774 | 168 226 | 175 000 |
| Transaction costs (net of tax) | | | - 4 051 | - 4 051 |
| At 31 December 2015 | 40 645 162 | 48 774 | 321 049 | 369 823 |

On 30 October 2015, the Company made a capital increase of MNOK 175 in connection with the initial public offering of shares in Kid ASA and the Listing of Kid ASA's Shares on Oslo Stock Exchange at 2 November 2015.

The proceeds from the capital increase has been disposed as follows:

1. Settlement of NOK 20.4 million short term liability related to termination of the NOK 600 million swap agreement
2. Prepayment of an instalment of the existing Term Loan of NOK 45 million
3. Prepay of an instalment of NOK 30 million of the existing Term Loan

Remaining net proceeds from the capital increase have strengthen the Group's liquidity reserve.

Since year end the directors have recommended the payment of a dividend of NOK 1,5 per fully paid ordinary share. The aggregate amount of the proposed dividend out of retained earnings at 31 December 2015, but not recognised as a liability at year end, is NOK 60.967,7

Definitions

- **Like for like** are stores that were in operation at the start of last year's period and end of current period. Refurbished and relocated stores are included in the definition
- **Gross profit** is revenue less cost of goods sold (COGS) including realized losses/gains on currency hedging contracts
- **EBITDA** (earnings before interest, tax, depreciation and amortisation) is operating profit excluding depreciation, amortization and unrealised FX gains/losses
- **Adjusted EBITDA** is EBITDA adjusted for non-recurring items.
- **EBIT** (earnings before interest, tax) is operating profit excluding unrealised FX gains/losses
- **Adjusted EBIT** is EBIT adjusted for non-recurring items.
- **Capital expenditure** is the use of funds to acquire intangible or fixed assets
- **Net Income** is profit (loss) for the period
- **Adjusted Net Income** is Net Income adjusted for non-recurring items, financial costs related to interest SWAP, "other unrealized (losses)/gains" and change in deferred tax caused by the lower tax rate.

Disclaimer

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