KID ASA ANNUAL REPORT

Financial statements for

2020

KID ASA ANNUAL REPORT

Kid

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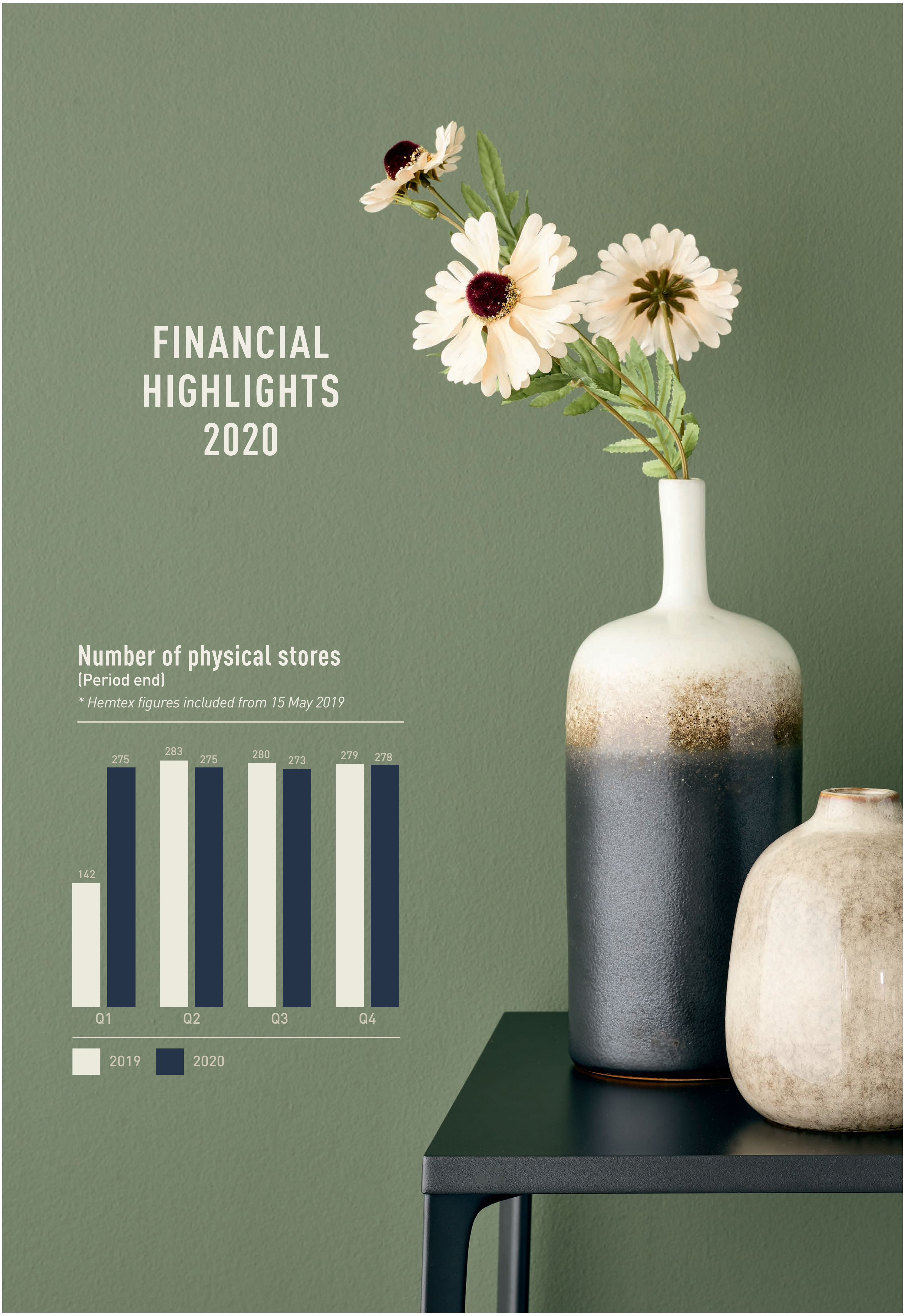
FINANCIAL HIGHLIGHTS 2020

Number of physical stores
(Period end)

** Hemtex figures included from 15 May 2019*



Revenues
(MNOK)

** Hemtex figures included from 15 May 2019*

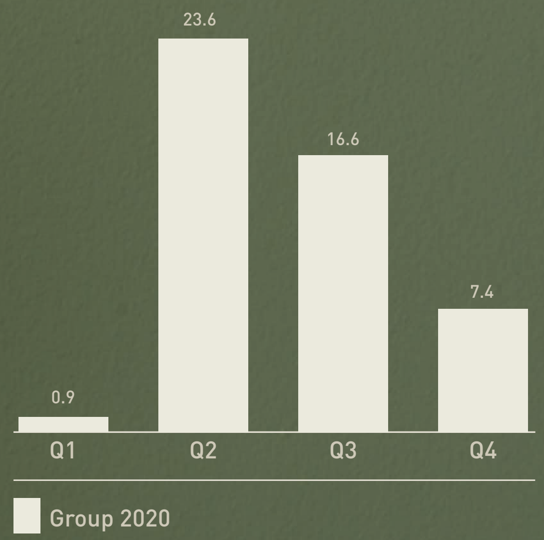
EBITDA
(MNOK)

** Excluding IFRS 16 effects*

** Hemtex figures included from 15 May 2019*

Like-for-like growth
(%)

** Hemtex proforma figures in Q1*



ABOUT KID

Kid ASA (listed on the Oslo Stock Exchange under the ticker symbol KID) operates as a home textile retailer through Kid Interior in Norway with 147 stores, and under the Hemtex brand in Sweden, Finland and Estonia with 131 stores. The Kid Group offers a full range of home and interior products, including textiles, curtains, bed linens, smaller furniture, accessories and other interior products. We design, source, market and sell these products through our stores as well as through our online sales platforms. At the end of 2020 the Kid Group had 2.045 employees.

Kid and Hemtex is the leading pure-play specialist within home textile and interior market in Norway and Sweden, respectively. Both brands are benefiting from unbeatable brand recognition and top-of-mind awareness. Hemtex is also present in Finland and Estonia.

Through in-depth market analysis, monitoring and adapting to underlying consumer trends and demands, supported by in-house design and sourcing competence, we bring high quality, yet value for money, products to our customers. Practically all our products are Kid branded, while some premium products are marketed as sub-brands such as Dekosol and Nordun.

The Kid spirit is based on commitment to our values of entrepreneurial spirit, inspiration and dedication.

Kid is headquartered in Lier, Norway where the group head office and central warehouse for the Norwegian market is located, while Hemtex' offices and warehouse facilities are located in Borås, Sweden.

From the headquarter in Lier.

Our mission

Inspiration for every home

COMPANY FACTS

Establishment
1937

Kid Interior was established by Jul Andrew Gundersen as JAG shoe factory

The first shop
1953

The first shop was opened in Drammen in 1953, called "Fabrikkutsalget" (Factory Outlet). At first, the store sold just shoes, but moved into interior products, including sale of the first woollen versions of its duvet

Own production
1970s

An increased focus on interior textiles and the start of its own production

Change of name
1994

The company changed its name to Kid Interior and began using the Kid brand for selected products

Growing
1997

The third generation of the Gundersen family takes over the business, which has now grown to 24 stores

Shares sold
2005

The Gundersen family relinquishes control of Kid as its majority shareholding is sold to IK Capital Partners. The Kid store network has grown to 92

DNB Bank
2009

DNB Bank takes control of Kid Interior following a long-term debt default

Successful turnaround
2012

Gjelsten Holding takes 100 percent ownership of the company, which now comprises 111 stores after a successful turnaround

Oslo Stock Exchange
2015

The company turns public as its shares are listed on the Oslo Stock Exchange. Kid registers a strong financial performance and central warehouse and administration functions are relocated to new facilities in Lier

Acquisition of Hemtex
2019

Hemtex was aquired May 2019

30.2%
RETURN ON EQUITY
in 2020
(adj. net profit)

2,045
EMPLOYEES

6.7%
(Hemtex)

14.8%
(Kid)

11.5%
LIKE-FOR-LIKE GROWTH

8.9%
ONLINE SHARE

6.5%
ONLINE SHARE
of total revenue
(Kid)

12.5%
ONLINE SHARE
of total revenue
(Hemtex)

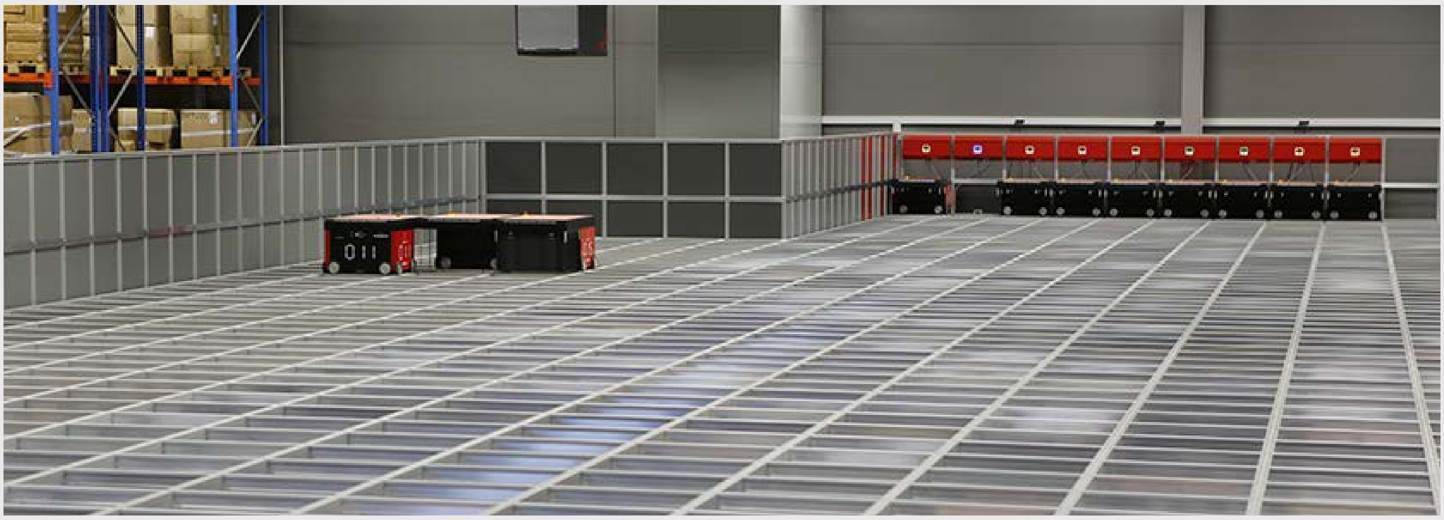
2,995
MILL NOK
IN REVENUES
for 2020

Hemtex, Varberg

Hemtex Bäckebol

Detail from our Kid shop in Strømmen

Our new Kid shop at Gulskogen in Drammen



Our brand new Autostore, from 2020

Kid, Sandvika

Hemtex Tyresö

NORDIC PRESENCE 2020

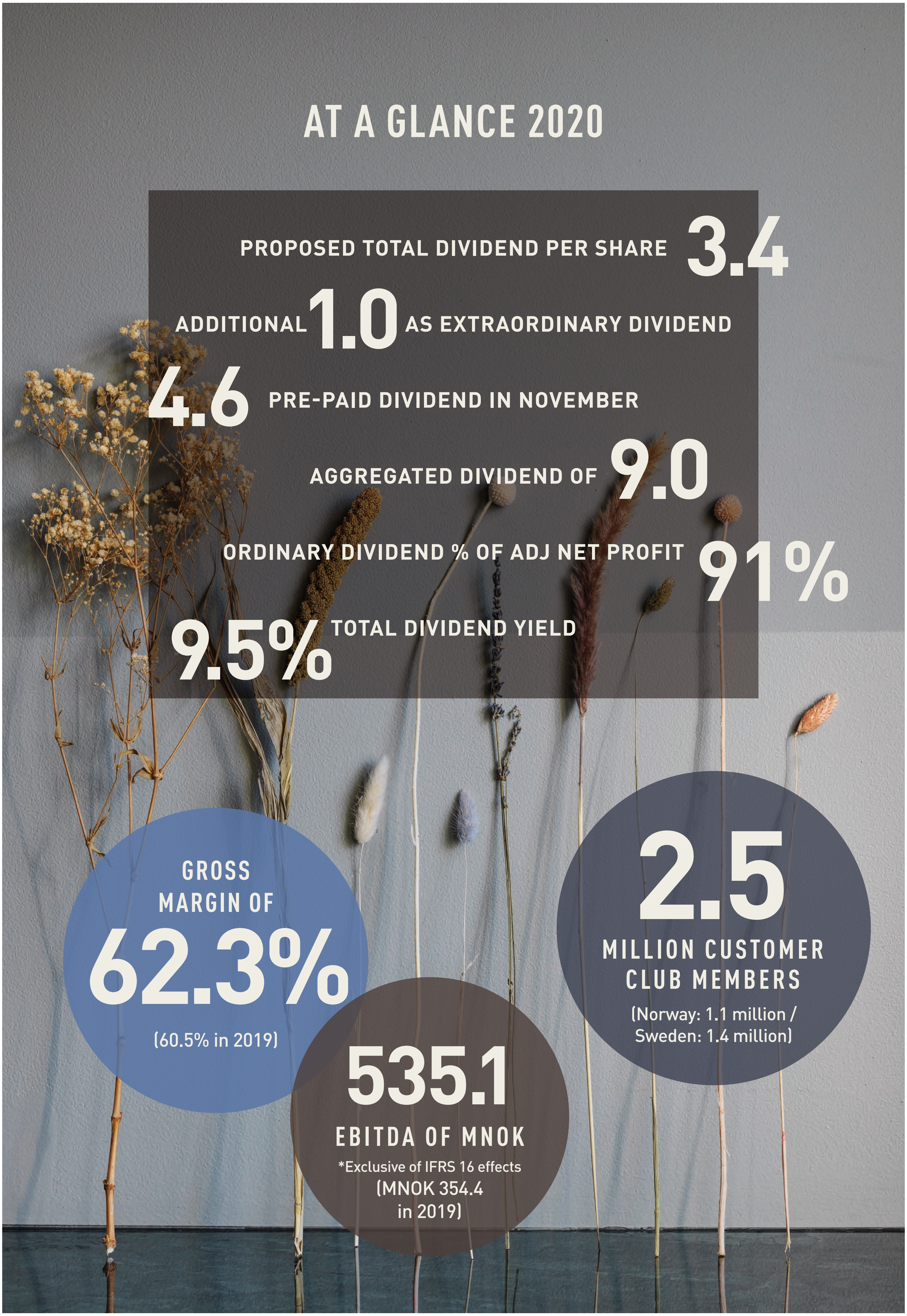
CHANGES DURING THE YEAR

6 NEW STORES
(Kid 4 / Hemtex 2)

16 REFURBISHED STORES
(Kid 8 / Hemtex 8)

3 RELOCATED STORES
(Kid 1 / Hemtex 2)

7 CLOSED STORES
(Kid 1 / Hemtex 6)


AT A GLANCE 2020
PROPOSED TOTAL DIVIDEND PER SHARE 3.4
ADDITIONAL 1.0 AS EXTRAORDINARY DIVIDEND
4.6 PRE-PAID DIVIDEND IN NOVEMBER
AGGREGATED DIVIDEND OF 9.0
ORDINARY DIVIDEND % OF ADJ NET PROFIT 91%
9.5% TOTAL DIVIDEND YIELD
GROSS MARGIN OF 62.3%
(60.5% in 2019)
2.5 MILLION CUSTOMER CLUB MEMBERS
(Norway: 1.1 million / Sweden: 1.4 million)
535.1 EBITDA OF MNOK
*Exclusive of IFRS 16 effects
(MNOK 354.4 in 2019)

DEAR SHAREHOLDERS,

2020 was a year of unprecedented challenges and disruptions. Yet the KID group managed to thrive and deliver an all-time-high financial performance. Results were driven by like-for -like growth of 11,5 % despite lock down in part of the first and second quarter. Our first priority during the pandemic has been to safeguard the health of our employees and customer. We are proud of how all our employees have met the challenges – first by lock down and later by extensive sales effort as well as complying with new pandemic routines. Thus the achievement was a true team effort. The pandemic situation with home offices and lockdown made our mission "Inspiration for every home" even more vivid and inspiring. We have enjoyed a good tailwind from the increased refurbishing activity in 2020.

The gross profit increased to MNOK 1.866 in 2020, an increase of 31.7 percent from 2019, as a result of broadening our assortments across existing categories, the successful roll out of new product categories and successful integration of Hemtex. This has been achieved despite increased product prices due to a strong dollar.

Hemtex exceeded expectations by reaching its integration target for 2021 one year ahead of plan, with an EBITDA excluding IFRS16 effects of more than MNOK 100. I am proud of this performance and the hard work of the Hemtex team. This achievement underlines the strong potential for future growth in Hemtex by continuing to implement a broader and common assortment with Kid. Moving into 2021, we will further exploit synergies between Kid and Hemtex to ensure profitable expansion across all markets. Building on experience and confidence from the Hemtex integration, we now seek to increase the number of Hemtex stores in Sweden, Finland and Estonia. Store investments are a core part of the strategy in 2021, with plans to refurbish and expand stores across the Hemtex and Kid portfolio. Improvement and investments in existing stores offer instore customer experiences that are hard to match in the Nordics and enables us to outperform our peers.

Our product development is steered by years of experience and our customers' insights and feedback. Kitchen products, lamps, napkins, oils and spices and outdoor furniture have already become important products adding to our growth. In total, we have added revenues of MNOK 183 in 2020 in Kid Interior from products that did not exist only three years ago. We are now stepping up efforts to widen our current product categories even further going forward, comfortable that this will add to future profitability.

Kid's digital investments will continue. This year we experienced an impressive 51.5 percent growth in online revenues which now represents 8.9 percent of total sales. This confirms our position as a dominant online player in the Nordic home textiles market. There will be significant investments in improvements to our online store and its supporting systems during 2021. Our digital strategy helps maintain our unique position in the Nordics as the home textiles company that is 'best in all channels'. Through 2020, our 278 stores have produced superior results in both physical and digital channels. The key to success has been to give customers flexibility to buy via whichever channel they prefer.

We also continue to strengthen our ESG activities. We have made progress in the implementation of sustainable materials and now use more than 90 percent sustainable cotton. We continue our support for the Norwegian Cancer Society and remain committed to this organisation's important work, providing donations in 2020 of MNOK 2,8. In addition, during 2020 we have started GRI reporting for the Kid Group to increase transparency on climate impact and social responsibility. We compensated for all climate emissions in scope 1 and 2 during the year, along with all emissions from transporting goods from the harbour via our warehouse to the end users/stores. Work continues on our scope 3 emissions with STICA (Swedish Textile Initiative for Climate Action).

2020 has been a challenging year for us all, but our team has risen impressively to the challenge. Through everything, we have come together and delivered. Our team spirit and collective approach to solving problems and exploiting opportunities is key to this success, and it makes me proud. I look ahead with excitement to a year of creativity and expansion into new product categories and to helping our markets of Finland and Estonia become part of our success story. A big thanks to all employees for exemplary efforts and commitment this year and to our customers, suppliers, partners and shareholders for helping Kid to set new records.

Yours sincerely,

Anders Fjeld
CEO, Kid Interior AS

Kid Interior and Hemtex Ab are nationwide companies for textiles, home & living, offering a large variety of curtains, bed linens and other interior products, with presence in Norway, Sweden, Finland and Estonia

GROUP MANAGEMENT

Anders Fjeld
(CEO)

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.

Eystein Lund
(CFO)

Eystein Lund has been CFO and responsible for investor relation since March 2020. He is a state authorized public accountant and holds a master's degree in Business & Administration, with several years of experience as CFO. Lund was previously CFO in Sector Alarm Group and Opplysningen AS. His experience includes management of accounting and finance functions, refinancing and M&A.

Anders Lorentzson
(MD Hemtex)

Anders Lorentzson was appointed Chief Executive Officer of Hemtex in May 2018. He started his Hemtex career as Commercial Director back in 2016 and, prior to joining the company, held senior and executive positions at the ICA-Group in Sweden and Estonia. Lorentzson has a solid background in the omnichannel retail business, with more than 20 years of experience.

Frode Finnes Larsen
(CTO)

Frode Finnes Larsen has been CTO since December 2020. He has over 20 years' experience in the software industry. Prior to joining the company, he was CTO and CEO in Distribution Innovation AS (Schibsted) and VP Product Management in EVRY. He also has background from consulting and have been advising startups. He has Master of management from BI Norwegian Business School and technological background from Gjøvik and NTNU in Trondheim.

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. 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 BI Norwegian Business School.

Cathrine Weberg Abrahamsen
(Head of Business Development)

Cathrine Weberg Abrahamsen has been Head of Business Development in Kid since October 2018. Prior to her current position she has been leading different projects within a variety of areas such as category and concept development, supply chain optimization, e-commerce and so on. Before joining Kid Cathrine worked as a manager for a consultant company specialized in retail. Further she has a master degree within business and organisational psychology from BI Norwegian Business School.

CORPORATE GOVERNANCE AT KID ASA

1. IMPLEMENTATION AND REPORTING OF CORPORATE GOVERNANCE PRINCIPLES

Kid ASA (Kid or the company) consider good corporate governance key to create shareholder value through 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 Practise is available at 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*)

The company's strategy is to ensure growth while maintaining cost control to ensure a continued strong cashflow through:

a. Concept development to ensure like-for-like sales growth
b. Attractive stores through continuous upgrading the store portfolio
c. Opening of new stores
d. Digital footprint and e-commerce
e. Expanding the B2B customer base

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 assesses current risks.

3. EQUITY AND DIVIDENDS

Kid considers its equity ratio sufficient considering the group's strategy and risk profile. The dividend policy is to pay out 80-100 percent of adjusted net profit, where adjustments are made for significant one-off events.

The Annual General Meeting approved the proposed dividend of NOK 1.20 per share in May 2020. The board of directors were also given the authority to approve and distribute a half-year dividend considering the third quarter results in 2020. A half-year dividend of NOK 4.60 was distributed in November 2020. A dividend of NOK 4.40 has been proposed by the Board for 2020 year end. The board of directors has the authority to decide on and distribute an additional half-year dividend based on the third quarter results in 2021. The dividend is subject to approval at the annual general meeting on 27 May 2021.

The board of directors has 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 remains in force until the annual general meeting in 2021, but in no event later than 30 June 2021.

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 of directors 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 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 provides information on the procedure for casting their votes by proxy.

All supporting documentation for the AGM is sufficiently comprehensive and detailed 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 achieve 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, which is 100% owned by Kid ASA, and 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 the board of directors of Kid Interiør AS is responsible for reporting day-to-day operations, while the board of directors of Kid ASA, as the listed parent company, is responsible for equity, long-term debt and the incentive programme for executive management. The board of directors at Hemtex AB consists of Group 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 and competence in the fields of retail and consumer goods, as well as finance, property and experience from other listed companies.

60 percent of the board members are women, and no member of the executive management team is a member of the board of directors. The shareholder-elected members of the board of directors 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 of directors and CEO have regular contact between the meetings to evaluate the business and they keep the board updated on any matters that need to be addressed. In an 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 earnings and cashflow.

The board evaluates 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 interest rates. FX risks are managed by hedging nine to eleven months forward. Interest rate risks are managed by a MNOK 395 interest SWAP. 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 reviews of the company's most significant areas of risk exposure 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 2020 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 general 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 entire board and the remuneration for such additional duties will be agreed by the board.

After the acquisition of Hemtex in May 2019, integration work has been performed by the chairman of the board, Petter Schouw-Hansen. The work is approved by the board as per Kid corporate governance policies and remuneration is reported in the quarterly reports and the notes to the consolidated accounts

No remuneration has been paid after Q1 2020.

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 prepare guidelines on the remuneration of executive personnel as a separate appendix to the agenda for the AGM which is approved by the GM. 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 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 are 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 have an informed view of the situation. 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, Kid Logistikk AS, Hemtex AB, Hemtex OY and Hemtex International AB, together defined as "the group", "the company" or "Kid".

The business activity of the company is mainly 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 Interior is the leading specialist home textile retailer in Norway, with a portfolio of 147 directly owned stores across Norway. Hemtex is the leading specialist home textile retailer in Sweden, with a portfolio of 117 directly owned stores and 12 franchise stores across Sweden. Hemtex also have a presence in Finland and Estonia, with 9 and 5 directly owned stores respectively. All products sold by Kid Interior and Hemtex are also available through online platforms.

The product assortment ranges from curtains and bed linens to home accessories, decorations, and smaller furniture. Kid's strategy is to provide an attractive value proposition to customers through an inspirational assortment and quality Kid- and Hemtex-branded products offered at affordable prices both online and through stores located in major population centres. The group's head office is located in the municipality of Lier, Norway.

SUMMARY OF THE YEAR

After a promising start, the COVID-19 pandemic significantly influenced our markets from March onwards, with varying consequences. The board of directors are satisfied with how the organisation has adapted to a challenging and unprecedented situation. Management has handled the situation swiftly and proactively. The board has also closely monitored the situation. A top priority has been to ensure a safe shopping environment for our customers and employees. Amongst other actions taken, Kid reduced capital expenditures by postponing refurbishments and new openings, adjusted staffing levels to match customer traffic, postponed dividend and instalments and maintained stringent cost control. A strategic decision was to continue to invest in the integration of Hemtex.

The demand for home and interior products has increased after the outbreak in our markets, but due to governmental restrictions we have seen periodic loss of customer traffic. Overall, we have succeeded in handling the situation in a safe way for customers and employees, and by maintaining market spending and securing a healthy inventory we have seen a significant growth in both revenues and profits.

KID INTERIOR

In Norway, sales dropped instantly mid-March following governmental shut-down but recovered quite quickly. Sales have then remained strong throughout the year with a positive like-for-like growth of 14.8 percent.

Online sales grew by 46.9 percent representing 6.5 percent of total revenues per year-end. As online sales accelerated further due to the COVID-19 situation we were able to capitalise on the new, centralised and automated storage system Autostore.

The introduction of new product lines and the expansion and renewal of current ones have been key drivers for this year's strong performance. The commercial success of this strategy is largely based on years of experience and paying close attention to our customers' feedback. In addition, attractive campaigns as well as customer service training have yielded results and market feedback shows that an increasing number of customers value Kid Interior as their preferred home interior retailer. Our customer club in Norway reached 1.1 million individual members at year-end. This is a key asset for development of our marketing and insight platform and a testament to the high level of customer satisfaction. It has become even clearer this year that customers appreciate the flexibility, ease and convenience to purchase through whichever channel they prefer.

One store was closed in 2020 and in the last quarter four new stores were opened along with several refurbishments and relocations.

In summary, both revenues and profitability increased and resulted in a 16.0 percent rise in full-year revenues and an increase of 30.9 percent in EBITDA.

HEMTEX

In Sweden, COVID-19 started to effect sales figures positively in late summer. However, in the second half of December sales dropped materially following Swedish governmental recommendations to avoid shopping malls. Finland was less effected, but revenues from like-for-like stores were still negative at 3.1 percent. Estonia, after having been completely shut down during the first phase of COVID-19, increased like-for-like revenues by 9.3 percent. With 9 stores in Finland and 5 in Estonia, these countries accounted for 10.9 percent of Hemtex revenues in 2020.

In total, like-for-like sales in Hemtex grew by 6.7 percent and online sales grew by 55.6 percent representing 12.5 percent of total revenues. The Hemtex customer club consisted of 1.4 million individual members by year-end 2020 and plays an important role in customer communication.

Hemtex was acquired in May 2019, and the integration activities are progressing according to plan. The gradual introduction of the Kid assortment has both added new product lines and expanded current ones. A common store concept and revised campaign strategy has proven successful. Refurbished stores have during 2020 showed higher growth and, hence, profitability.

Both revenues and profitability increased and resulted in a 10.4 percent rise in full-year revenues and an increase of 38.7 percent in EBITDA. EBITDA was 264.3 MNOK in 2020, which is well ahead of our target at the time of acquisition.

Two new stores were opened in the last part of 2020. Six stores were closed along with several refurbishments and relocations being made.

FINANCIAL RESULTS

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

INCOME STATEMENT FOR THE GROUP

Revenues for 2020 were MNOK 2 994.7 (MNOK 2,342.2). The like-for-like sales growth[1] was 14.8 percent and 6.7 percent for Kid Interior and Hemtex, respectively. Online sales grew by 51.5% percent in 2020, accounting for 8.9 percent of total revenues.

Gross margin was 62.3 percent (60.5 percent) for 2020. Other operating expenses excluding IFRS16 and including employee benefit expenses, ended at 34.9 percent of revenues down from 36.4 percent in 2019.

Operating profit (EBIT) was MNOK 483 (MNOK 302), driven by revenue growth and reduced costs.

Net financial expenses amounted to MNOK 28.4 (MNOK 40.9). Kid has a lending agreement with Nordea consisting of (1) an overdraft facility of MNOK 247, (2) a RCF of MNOK 130, and (2) a MNOK 520 term loan with annual instalments of MNOK 58.

Net income for 2020 was MNOK 356 (MNOK 208). Adjusted net income amounted to MNOK 357.0 (MNOK 220.4). Net income was adjusted for transaction and integration costs of MNOK 0.9 (MNOK 12.5) related to the acquisition of Hemtex AB.

BALANCE SHEET FOR THE GROUP

Total assets were MNOK 3,464.9, a decrease of MNOK 0.289 from 2019. Fixed and intangible assets increased by MNOK 40.718 as a result of investments in stores, online platforms and warehouse automation. Inventories amounted to MNOK 482.2 at the end of the year, a decrease of MNOK 2.8 due to strong sales in Q4 and some delays in transportation. Total receivables were MNOK 51.1, a decrease of MNOK 0.2 from 2019 driven by reduced trade receivables, increased other receivables and decrease in the value of derivative financial instruments.

Petter Schouw-Hansen
Chairman
Appointed: May 2019

Petter Schouw-Hansen is currently Director with Gjelsten Holding AS, the majority shareholder in KID ASA. He was the Chief Financial and Strategic Officer at Kid from 2011 to 2018. Prior to this, he served as senior consultant at Bearing Point. Schouw-Hansen is currently on the board of directors of various companies and is the chairperson of the board in Sport Holding AS. Schouw-Hansen has experience from operationalizing strategy, performance management, M&A and management coaching within several industries, including retail. Schouw-Hansen holds a M.SC from the Norwegian School of economics, specialized in Finance. He is a Norwegian citizen, and resides in Norway.

Rune Marsdal
Board Member
Appointed: May 2019

Rune Marsdal (1971) is currently CFO and member of the board of directors of Gjelsten Holding AS, the largest shareholder of Kid ASA. Marsdal has previously worked as a financial analyst in Danske Securities and as an analyst in Schøyen Finans Forvaltning and Norway Seafoods. Marsdal holds a Master of Business and Economics degree from BI Norwegian Business School, as well as a Certified Financial Analyst degree from Norwegian School of Economics. Marsdal is currently on the board of directors of various companies, including Sport Holding AS and Sport 1 Gruppen AS. Marsdal has previously served on the board of directors of Kid Interior AS and Nordisk Tekstil Holding AS (later Kid ASA), both as a director (2012-2015) and as special advisor to the board of directors (2015-2019), and BEWiSynbra Group AB (publ). Marsdal is a Norwegian citizen and resides in Norway.

[1] Like-for-like revenue are revenue from stores that were in operation from the start of last fiscal year all through the end of the current reporting period.

Net interest-bearing debt was MNOK 1 040 of which MNOK 819.2 is related to financial leases. Net interest-bearing debt excluding financial leases as defined by IFRS 16 was MNOK 220.5 (MNOK 335.3). Long-term interest-bearing debt excluding leases was MNOK 461.5 (MNOK 494.5) at the end of 2020, short-term interest-bearing debt was MNOK 60.3 (MNOK 180.0) and cash and bank deposits were MNOK 301.3 (MNOK 339.2). The group has an additional overdraft facility of MNOK 247. The equity ratio at the end of the year was 34.2 percent compared to 33.2 percent in 2019.

CASH FLOW FOR THE GROUP

Cash flow from operations was MNOK 749.2 (MNOK 523.6). Significant changes from 2019 included decreased inventory level because of higher sales as well as a strategic inventory build-up last year, with a cash effect of MNOK 22.8 (MNOK -77.2) and reduced trade creditors following changes to payment terms in Hemtex.

Cash flow from investments was MNOK -65.4 (MNOK -92.9). The investment level in 2020 reflects opening, relocation and refurbishment of stores as well as the investment in Autostore.

Cash flow from financing was MNOK -725.4 (MNOK -333.0), negatively affected by dividend payments of MNOK -284.5 (MNOK -130.1), repayment of revolving credit facility of MNOK -130.2 (MNOK -0.4), lease payments of MNOK -275 (MNOK -223.3), and positively affected by increased long-term debt of MNOK 25 (MNOK 46.6).

Net change in cash and cash equivalents was MNOK -41.5 (MNOK 97.7), mainly driven by increased profit, but offset by repayment of debt, investments and dividend payments. The board of directors finds that the group had a solid liquidity position as of 31. December 2020.

ANNUAL RESULT ALLOCATION

Earnings per share was NOK 8.76 in 2020. The board of directors proposes a dividend of NOK 4.40 per share for 2020. Including the prepayment of NOK 4.60 per share paid in November 2020, the total dividend of NOK 9.00 represents 9.4 percent of the share price as of 31.12.2020 and 91 percent of the Group adjusted net income for 2020.

KID ASA 2020 profit was distributed as follows:

Dividend pay-out	MNOK	178.8
Transferred to other equity	MNOK	118.3
Total allocated	**MNOK**	**297.1**

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

Karin Bing Orgland
Board Member
Appointed: August 2015

Karin Bing Orgland (1959) is currently a professional board member in various companies including GIEK, Storebrand ASA and Entur 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.

Liv Berstad
Board Member
Appointed: May 2020

Liv Berstad (1961) is currently the Retail Manager for the clothing company KappAhl in Sweden, Norway, Finland, Poland and UK. Berstad has extensive experience from retail trade in the Nordic region, mainly from construction material, fashion and cosmetics. She is a Business Economist from BI Norwegian School of Management. Berstad has had several board appointments for companies both in Norway and Scandinavia. She is a Norwegian citizen and resides in Norway.

Gyrid Skalleberg Ingerø
Board Member
Appointed: May 2020

Gyrid Skalleberg Ingerø (1967) is currently EVP & Group CFO in Kongsberg Gruppen ASA. Her previous experience includes Bank experience from Nordea, CFO / Investor Relation of Komplett Group ASA, Financial restructuring and turnaround of Expert and 1881, SVP & CFO of Telenor Norge AS and CFO at Telenor Digital Businesses AS. Prior to her CFO positions, Ingerø worked for 8 years in KPMG. She holds a Master in Accounting and Auditing from Norwegian School of Economics. Skalleberg Ingerø is currently on the board of Flytoget AS, Itera ASA, Patria Inc and various companies within Kongsberg Gruppen. Skalleberg Ingerø is a Norwegian citizen and resides in Norway.

appropriate enquiries and formed a judgement at the time of approving the financial statements that there is a reasonable 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 2020, the equity ratio was 34.2 percent. The board of directors believes that the equity and liquidity is sufficient given the company's operational commitments, future plans and achieved results.

ORGANISATION, WORKING CONDITIONS AND ENVIRONMENT

The group had a total of 2045 employees, which corresponded to 918 full-time equivalents at the end of 2020. The parent company had no employees.

The group keep records of total absence due to sickness, in accordance with laws and regulations. Total sick leave was 6.0 percent in 2020 (4.8 percent in 2019). Sick leave is monitored on a monthly basis at store and department level, and appropriate actions are taken in relation to 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 serious personal injury 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 balance, 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 men and two women. The board of directors of the parent company consists of three women and two men.

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. The group is working on several initiatives to reduce carbon dioxide emissions in the value chain, increase sustainable materials and production, supporting a more circular economy and more.

The group works actively to prevent adverse environmental- and ethics-related issues, human rights and anti-corruption. 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. As a member of Ethical Trade Norway, the group commits to working actively with due diligence for responsible business conduct as described by Guiding Principles on Business and Human Rights (UNGP) and the OECD guidelines for responsible business conduct.

More information about sustainability and the environment is provided in our separate sustainability report and can be downloaded at investor.kid.no.

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 sourced, which are denominated in US Dollars.

In order to mitigate currency risk, future contracts must be entered into at least nine 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 9-11 consecutive months. The policy has been formally approved by the board of directors.

LIQUIDITY RISK

Kid and its subsidiaries have a loan agreement with Nordea, with access to an overdraft facility of MNOK 247, a flexible credit facility of MNOK 130 and a general guarantee limit of MNOK 115.

INTEREST RATE RISK

Kid has a floating interest rate for MNOK 461 of outstanding long-term debt. In Q4 2019, Kid ASA entered into a 10-year interest rate swap agreement of MNOK 395 at a fixed interest rate of 1.876 percent.

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 2021

Kid will continue to optimise the store portfolio by new openings, relocations, expansions and refurbishment of stores in 2021. In addition to pursuing other growth opportunities, Kid will ensure inspirational shopping experiences for our customers through continued concept development and well-located and modern stores.

The board of directors have approved a strategic decision to increase the footprint of Hemtex in Finland and Estonia with an ambition to reach twenty stores in Finland and eight in Estonia within the next five years, with a potential revenue of MNOK 100 million. This investment signals confidence in the continued upside from exploiting post-integration synergies.

To further strengthen our sales growth, starting in 2021, Kid will invest in a new technology platform which will improve the customer's online journey. The new platform will be gradually implemented in both Kid and Hemtex over the next two and a half years and we consider it to be the fundament for our future digital development across sales channels. Our customer club remains a key part of this and, going forward, data analysis capabilities will be prioritised in order to make our digital interaction even more relevant for individual customers and to provide commercial insights for profitable concept development.

As in previous periods, Kid will continue to focus on and improve its store-level service, with a particular focus on interactive staff training and customer feedback. Customers are increasingly emphasising the importance of a responsible value chain when making their purchases. This is in line with our decision to increase the Corporate Social Responsibility efforts even further and we will continue to provide customers transparency and insight in our progress.

Our combination of unique and continually renewed assortment, inspirational stores, friendly and knowledgeable customer service and a responsible brand makes sure customers return to Kid and Hemtex as their preferred home textile and furnishing retailer. We are ramping up efforts to broaden our existing categories with a focus on the most profitable product groups. Although we see growth in existing categories, complementary new categories will be prioritised going forward.

With more than one year of pandemic outbreak behind us, we believe we have gained valuable insights with regards to our customers' behaviour and at the same time we have proved our resilience and ability to adapt. The board of directors will keep monitoring the situation closely going forward.

The board of directors remains confident about Kid's solid financial situation and liquidity, and about the proposed dividend.

The objectives for Kid ASA in the medium-term are:

- A continued strong financial performance driven by like-for-like growth of 3-4 percent in a normalised market, stable gross margins in line with the past 10 years, and operating expenses relative to sales below 45 percent.
- An optimized store portfolio of approximately 300 fully owned stores. Capital expenditures related to maintenance is expected to run at a normalised annual level of MNOK 80-90, with an additional MNOK 2.0 per new store opening.
- To maintain 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, 30 April 2021

The board of directors, KID ASA

Petter Schouw-Hansen Chairperson	Rune Marsdal Board member	Liv Berstad Board member
Gyrid Skalleberg Ingerø Board member	Karin Bing Orgland Board member	Anders Fjeld Chief Executive Officer

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

(All amounts in NOK 1000 unless otherwise stated)

The notes are an integral part of these financial statements.	Note	Year ended 31st December 2020	2019
Revenue	4	2,994,658	2,342,180
Other operating income		1,693	2,082
Total revenue		**2,996,351**	**2,344,263**
Purchased goods	15	1,128,690	1,019,790
Change in inventories	15	-15,677	-94,124
Employee benefits expense	6, 21	607,119	503,494
Depreciation and amortisation expense	11,12	340,840	264,974
Other operating expenses	19	452,650	348,153
Total operating expenses		**2,513,622**	**2,042,288**
Operating profit		**482,730**	**301,975**
Financial income	7	32,299	9,510
Financial expense	7	60,735	50,453
Net financial income (+) / expense (-)		**-28,435**	**-40,943**
Profit before tax		**454,295**	**261,032**
Income tax expense	9,20	98,196	53,082
Net profit		**356,098**	**207,950**
Consolidated statement of comprehensive income			
Profit for the period		356,098	207,950
Items that may be reclassified to P&L			
Cash flow hedges	23	-83,929	-2,051
Realized cash flow hedges	23	1,156	0
Tax effect from cash flow hedges	23	18,034	451
Currency translation differences		26,182	726
Tax effect from currency translation differences		-5,760	0
Total comprehensive income for the period		**311,739**	**207,513**
Attributable to equity holders of the parent		311,739	207,513
Basic and diluted Earnings per share (EPS):	**10**	**8.76**	**5.12**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(All amounts in NOK 1000 unless otherwise stated)

The notes are an integral part of these financial statements.		Group	
	Note	**31st December 2020**	31st December 2019
ASSETS			
Goodwill	12	72,280	65,402
Trademark	12	1,515,485	1,510,165
Other intangible assets	12	5,623	10,085
Deferred tax asset	20	15,810	2,185
Total intangible assets		**1,609,197**	**1,587,836**
Property, plant and equipment	11	1,021,195	1,001,838
Total tangible assets		**1,021,195**	**1,001,838**
TOTAL FIXED ASSETS		2,630,392	2,589,674
Inventories	15	482,161	484,988
Trade receivables	13.14	18,381	23,201
Other receivables	14	32,725	25,815
Derivative financial instruments	13	0	2,305
Total receivables		**51,106**	**51,320**
Cash and cash equivalents	13,16,24	301,276	339,241
TOTAL CURRENT ASSETS		834,542	875,549
TOTAL ASSETS		3,464,935	3,465,223

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(All amounts in NOK 1000 unless otherwise stated)

The notes are an integral part of these financial statements.		Group	
	Note	**31st December 2020**	31st December 2019
EQUITY AND LIABILITIES			
Share capital	17	48,774	48,774
Share premium	17	321,049	321,049
Other paid-in equity		64,617	64,617
Total paid-in-equity		**434,440**	**434,440**
Other reserves	23	-54,466	-10,148
Retained earnings	26	804,614	725,869
TOTAL EQUITY		**1,184,601**	**1,150,162**
Deferred tax liability	20	315,336	315,398
Total provisions		**315,336**	**315,398**
Long term lease liabilities	25	585,131	584,848
Long term liabilities to financial institutions	3, 13, 18,24	461,480	494,498
Total long-term liabilities		**1,046,612**	**1,079,346**
Short term lease liabilities	25	234,113	217,427
Short term liabilities to financial institutions	18, 24	60,297	180,000
Trade creditors	13	92,316	145,122
Taxes payable	9	87,011	51,239
Public duties payable		167,402	154,233
Derivatives	13	78,364	11,787
Other short-term liabilities		198,883	160,511
Total short-term liabilities		**918,385**	**920,319**
TOTAL LIABILITIES		**2,280,335**	**2,315,063**
TOTAL EQUITY AND LIABILITIES		**3,464,935**	**3,465,224**

Lier, 30 April 2021

The board of directors, KID ASA

Petter Schouw-Hansen Chairperson	Rune Marsdal Board member	Liv Berstad Board member
Gyrid Skalleberg Ingerø Board member	Karin Bing Orgland Board member	Anders Fjeld Chief Executive Officer

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(All amounts in NOK 1000 unless otherwise stated)

The notes are an integral part of these financial statements.

	Group					
	As at 31st December					
	Share capital	Share premium	Other paid - in equity	Other reserves	Retained earnings	Total equity
Balance at 1 January 2019	48,774	321,049	64,616	8,265	647,983	1,090,687
Profit for the year	-	-	-	-	207,950	207,950
Cash flow hedges	-	-	-	-437	-	-437
Total comprehensive income for the year	-	-	-	-437	207,950	207,513
Transfer from Cash Flow Hedge Reserve	-	-	-	-23,046	-	-23,046
Tax effect of transfer from Cash Flow Hedge Reserve	-	-	-	5,070	-	5,070
Transactions with owners - Dividends	-	-	-	-	-130,064	-130,064
Balance as at 31 December 2019	**48,774**	**321,049**	**64,616**	**-10,148**	**725,869**	**1,150,162**
Balance at 1 January 2020	48,774	321,049	64,616	-10,148	725,869	1,150,162
PPA adjustment					7,121	7,121
Adjusted balance at 1 January 2020	48,774	321,049	64,616	-10,148	732,990	1,157,283
Profit for the year	-	-	-	-	356,098	356,098
Other comprehensive income	-	-	-	-44,318	-	-44,318
Total comprehensive income for the year	-	-	-	-44,318	356,098	311,780
Transactions with owners - Dividends	-	-	-	-	-284,474	-284,474
Balance as at 31 December 2020	**48,774**	**321,049**	**64,616**	**-54,466**	**804,614**	**1,184,601**

CONSOLIDATED STATEMENT OF CASH FLOWS

(All amounts in NOK 1000 unless otherwise stated)

The notes are an integral part of these financial statements.

		Group	
		Year ended 31st December	
	Note	**2020**	2019
Cash flow from operations			
Profit before income taxes		454,295	261,032
Taxes paid in the period		-50,103	-49,702
Depreciation & impairment	11.12	340,840	265,152
Effect of exchange fluctuations		-23,147	0
Change in working capital			
Change in inventory	15	22,777	-77,155
Change in trade receivables	14	8,685	-15,733
Change in trade creditors		-61,333	65,636
Change in other short-term liabilities		57,193	74,322
Net cash flow from operations		**749,207**	**523,553**
Cash flow from investments			
Purchase of Hemtex AB, net of cash acquired		-	5,230
Purchase of fixed assets	11.12	-65,398	-98,089
Net cash flow from investments		**-65,398**	**-92,859**
Cash flow from financing			
Proceeds from long term borrowings		25,000	674,375
Repayment of revolving credit facility		-130,204	-397
Repayment of Term loans	18.24	-50,152	-627,379
Net interest	7	-10,569	-26,170
Lease payments for the principal portion of lease liability		-274,956	-223,335
Dividend payments to shareholders		-284,474	-130,064
Net cash flow from financing		**-725,354**	**-332,969**
Cash and cash equivalents at the beginning of the period	**16**	**339,242**	**242,152**
Net change in cash and cash equivalents		-41,545	97,724
Exchange gains / (losses) on cash and cash equivalents		3,576	-634
Cash and cash equivalents at the end of the period	**16**	**301,276**	**339,242**

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 have 147 stores in Norway under the brand name Kid. During 2019 the group acquired Hemtex AB domiciled in Sweden. Hemtex has 117 stores in Sweden, 9 in Finland and 5 in Estonia. Out of the 131 Hemtex stores, 119 is owned by Hemtex and 12 is operated through franchise. The group also have online stores, under both Kid and Hemtex. 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 New and amended standards adopted by the Group

There are no new or amended standards adopted by the Group during the year with impact on the amounts recognised in prior periods or that would significantly affect the current or future periods.

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

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker which is the group' Board of Directors (BoD).

The group sells home textiles in 147 fully owned shops across Norway and 131 stores across EU, of which 117 were in Sweden, 9 in Finland and 5 in Estonia. Of the stores in EU, 119 are owned by Hemtex and 12 are franchises. The group also have the websites - www.kid.no, www.hemtex.se and hemtex.fi. Over 99 % of products sold are own branded under the name Kid Interior and Hemtex. The groups internet sales accounts for 8,9% of total sales and are therefore not considered a reportable segment. The segments are Kid and Hemtex, where Kid represent Norwegian market and Hemtex represent the markets in Sweden, Finland and Estonia. The markets are not separated into geographical regions and the group therefore reports two segments.

2.4 Foreign currency translation

(a) Functional and presentation currency

Each entity in the group determines its functional currency based on the economic environment in which it operates, and items included in the financial statements of each entity are measured using that functional currency. When preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency are recognised in the functional currency, using the transaction date's currency rate.

(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'.

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

Goodwill

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments KID and Hemtex.

Trademarks and licences

Separately acquired trademarks and licences are shown at historical cost. Trademarks and licences 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

Goodwill and 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 (either through OCI or profit or loss) or amortised cost. 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 amortised 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 and Hemtex 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 applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

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 and interest rate risk.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into, and they are subsequently remeasured to their fair value at the end of each reporting period. 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.

At inception of the hedge relationship, the group documents the economic relationship between hedging instruments and hedged items, including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The group documents its risk management objective and strategy for undertaking its hedge transactions.

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss and deferred costs of hedging in equity at that time remains in equity until the forecast transaction occurs, resulting in the recognition of a non-financial asset such as inventory. When the forecast transaction is no longer expected to occur, the cumulative gain or loss and deferred costs of hedging that were reported in equity are immediately reclassified to profit or loss.

2.13 Inventories, purchased goods and changes in inventory
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 purchased goods sold 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 and Swedish kroner with currency derivatives designated as cash flow hedges. Cost of purchased goods sold is determined using a combination of specific identification and weighted-average costing. Changes in inventory also includes a provision for obsolescence and lost goods.

2.14 Cash and cash equivalents
For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet. As of year-end 2019 and 2020 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.

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 were 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 for legal claims, service warranties and make good obligations are recognised when the group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. 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 control of a good or service transfers to a customer. 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 in Kid and 30 days in Hemtex. 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. Kid does not operate any loyalty programmes. Hemtex has a royalty program where customers receive points for every krone used. When 2 000 points is earned during half a year the customer receive av bonus check of 50 kroner and revenue is adjusted accordingly.

(b) Internet revenue

Revenue from the sale of goods over the internet is recognised at the point that control of the inventory have passed to the customer, which is the point of delivery to the carrier. Revenue is adjusted for the value of expected returns. The return policy for products sold over the internet is the same as for products sold in the stores. 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 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.

2.23 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.

2.24 Lease contracts
The group leases various offices, warehouses, retail stores, equipment and vehicles. Rental contracts for the retail stores represent a significant part of the number of contracts and values, and are typically made for fixed periods of 6 months to 8 years. The contracts may include extension options.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments, less any lease incentives receivable
- amounts expected to be payable by the group under residual value guarantees
- the exercise price of a purchase option if the group is reasonably certain to exercise that option
- and payments of penalties for terminating the lease, if the lease term reflects the group exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

The group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset. Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following: the amount of the initial measurement of lease liability any lease payments made at or before the commencement date less any lease incentives received any initial direct costs, and restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.If the group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

Some property leases contain variable payment terms that are linked to sales generated from a store. Variable lease payments that depend on sales are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

Extension and termination options are included in a number of store leases across the group. These are used to maximise operational flexibility in terms of managing the assets used in the group's operations. The majority of extension and termination options held are exercisable only by the group and not by the respective lessor.

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 predominantly controlled by a central finance department under policies approved by the board of directors. Group Finance identifies, evaluates and hedges financial risks in close cooperation with the group's operating units in KID and Hemtex. The board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

Where all relevant criteria are met, hedge accounting is applied to remove the accounting mismatch between the hedging instrument and the hedged item. This will effectively result in recognising interest expense at a fixed interest rate for the hedged floating rate loans and inventory at the fixed foreign currency rate for the hedged purchases.

Derivatives are only used for economic hedging purposes and not as speculative investments.

Hedge effectiveness

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments, to ensure that an economic relationship exists between the hedged item and hedging instrument.

For hedges of foreign currency purchases, the group enters into hedge relationships where the critical terms of the hedging instrument match exactly with the terms of the hedged item. The group therefore performs a qualitative assessment of effectiveness. If changes in circumstances affect the terms of the hedged item such that the critical terms no longer match exactly with the critical terms of the hedging instrument, the group uses the hypothetical derivative method to assess effectiveness.

In hedges of foreign currency purchases, ineffectiveness may arise if the timing of the forecast transaction changes from what was originally estimated, or if there are changes in the credit risk of the group or the derivative counterparty.

The group enters into interest rate swaps that have similar critical terms as the hedged item, such as reference rate, reset dates, payment dates, maturities and notional amount. The group does not hedge 100% of its loans, therefore the hedged item is identified as a proportion of the outstanding loans up to the notional amount of the swaps. As all critical terms matched during the year, there is an economic relationship.

Hedge ineffectiveness for interest rate swaps is assessed using the same principles as for hedges of foreign currency purchases. It may occur due to: the credit value/debit value adjustment on the interest rate swaps which is not matched by the loan, and differences in critical terms between the interest rate swaps and loans. TNOK 395 000 of the external loans with floating interest rates are swapped to a fixed interest rate of 1,876% with maturity 16 August 2029. The effect on interest expense in 2020 related to the interest rate swap was NOK -3 358 860 (NOK - 76 191).

There was no recognised ineffectiveness during 2020 (or in 2019) in relation to the interest rate swap.

The group treasury's risk management policy is to hedge up to a 100% of forecast US dollar cash flows for inventory purchases up to 9-11 months (changed from 4-7 months in 2019) in advance, subject to a review of the cost of implementing each hedge.

For the year ended 31 December 2020, approximately 100% of inventory purchases were hedged in respect of foreign currency risk. At 31 December 2020, approximately 100% of forecasted US dollar inventory purchases during the first quarter of 2021 qualified as 'highly probable' forecast transactions for hedge accounting purposes (for 2019, approximately 100% of inventory purchases were hedged and approximately 100% of the purchases qualified as 'highly probable' as at 31 December 2019). The weighted average buy rate for currency hedges realized in 2020 was 9.47 compared to a weighted average spot rate of 9.24. Please also refer to notes 3.3 and 23 for more information.

(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.

At 31. December 2020, the group had future contracts for 100% of the anticipated USD cash flow for a period of 12 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 and Swedish kroner with all other variables (e.g. changes of prices on products sold) held constant. Se note 23 for information about the effect on Other reserves.

At 31 December 2020	+10% change	-10% change
Effect on OCI (FX derivatives NOK/USD)	35,973	-35,973
Effect on OCI (FX derivatives SEK/USD)	22,947	-22,947

At 31 December 2019	+10% change	-10% change
Effect on OCI (FX derivatives)	20,809	-20,809
Effect on OCI (FX derivatives)	13,797	-13,797

(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. Borrowings at variable rates expose the Group to cash flow interest rate risk. Fixed-interest contracts are used to reduce this risk.

The following table illustrates the sensitivity on the company's financial instruments of a +/- 1% change in interest with all other variables held constant. Se note 23 for information about the effect on Other reserves.

	SWAP	
At 31 December 2020	+1% change	-1% change
Effect on OCI	7,643	-7,643

At 31 December 2019	+1% change	-1% change
Effect on OCI	3,370	-3,370

	Long term loan	
At 31 December 2020	+1% change	-1% change
Effect on interest cost	1,250	-1,250

At 31 December 2019	+1% change	-1% change
Effect on interest cost	4,262	-4,262

(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 18) 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 2020	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 4 years	Over 4 years
Borrowings (ex finance lease liabilities)	60,297	453,333	8,333	-	-
Finance lease liabilities	234,113	164,054	186,638	136,675	97,764
Trade and other payables	291,198	-	-	-	-
	585,609	**617,388**	**194,971**	**136,675**	**97,764**

At 31 December 2019	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 4 years	Over 4 years
Borrowings (ex finance lease liabilities)	65,276	63,706	587,397	-	-
Finance lease liabilities	244,869	186,638	136,675	97,764	59,978
Trade and other payables	305,633	-	-	-	
	615,778	**250,344**	**724,072**	**97,764**	**59,978**

Loans consist of three long term loan to Nordea (note 18). The remaining balance on the long term TLA facility of TNOK 100 000 is due in Q2 2022 with annual installments and the long term TLA facility of TNOK 395 000 is due in its entirety in Q2 2022. The TLC facility of TNOK 25 000 is due in Q1 2023 with annual installments.

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 2020 and 2019 were as follows:

	2020	2019
Total borrowings (note 18)	520,000	674,498
Less: cash and cash equivalents (note 16)	(301,276)	(339,241)
Net interest bearing debt	218,724	335,257
EBITDA	823,570	566,949
Gearing ratio	**0.27**	**0.59**

For more information about covenant-limits, refer note 18.

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 2020:

Assets	Level 1	Level 2	Level 3	Total
Financial assets (cash flow hedge derivatives) at fair value over OCI"				
Derivatives at fair value				
– Interest rate swaps	-	-	-	-
– Foreign currency derivative contracts	-	-	-	-
Total assets	**-**	**-**	**-**	**-**

Liabilities	Level 1	Level 2	Level 3	Total
Financial liabilities (cash flow hedge derivatives) at fair value over OCI"				
Derivatives at fair value				
– Interest rate swaps	-	24,730	-	24,730
– Foreign currency derivative contracts	-	53,634	-	53,634
Total liabilities	**-**	**78,364**	**-**	**78,364**

The following table presents the group's financial assets and liabilities that are measured at fair value at 31 December 2019:

Assets	Level 1	Level 2	Level 3	Total
Financial assets (cash flow hedge derivatives) at fair value over OCI"				
Derivatives at fair value				
– Interest rate swaps	-	2,305	-	2,305
– Foreign currency derivative contracts	-	-	-	-
Total assets	**-**	**2,305**	**-**	**2,305**

Liabilities	Level 1	Level 2	Level 3	Total
Financial liabilities (cash flow hedge derivatives) at fair value over OCI"				
Derivatives at fair value				
– Interest rate swaps	-	-	-	-
– Foreign currency derivative contracts	-	11,787	-	11,787
Total liabilities	**-**	**11,787**	**-**	**11,787**

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 2020 or 31 December 2019.

(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 Nordea 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 2020.

NOTE 4 | SEGMENT INFORMATION

The operating segments are identified on the basis of the reports which Group management (the chief decision-maker) uses to assess performance and profitability at a strategic level. The Group has only one production segment: sale of interior products mainly through wholly owned stores. Within the Group, Kid Interior relates to Norway and Hemtex relates to Sweden with immaterial business in Estonia and Finland.

Group management evaluates the results from the segments based on EBITDA. The method of measurement excludes the effect of non-recurring costs, such as restructuring costs and legal costs on acquisition.

Group adjustments include transaction and integration costs.

Geographical information
Kid Group sells home interior products in 147 fully owned stores across Norway and 131 stores across EU, of which 117 were in Sweden, 9 in Finland and 5 in Estonia. Of the stores in EU, 119 are owned by Hemtex and 12 are franchises.

The Group also sells home interior products through the Group's online websites. The online sale is below 10% of revenue and is not reported as a separate segment. Over 98% of the products are sold under own brands.

Revenue

	2020	2019
Norway	1,862,845	1,606,316
Sweden	1,045,016	655,675
Finland	54,502	61,213
Estonia	32,295	18,976
Total	**2,994,658**	**2,342,180**

Information reported to Group management from the reporting segments.

2020	KID Interior	Hemtex	Eliminations and group adjustments	Total
Revenue	1,862,845	1,131,814	-	2,994,658
Purchased goods and change in inventory	-703,129	-420,742	-4,818	-1,128,690
Gross profit	1,159,716	711,072	-4,818	1,865,968
Other operating revenue	248	1,446	-	1,693
Operating expense (OPEX)	-594,681	-448,227	-1,184	-1,044,091
EBITDA	565,283	264,291	-6,003	823,570
Operating profit	385,234	103,497	-6,003	482,730
Gross margin (%)	62.26 %	62.83 %	-	
OPEX to sales margin (%)	-31.92 %	-39.60 %	-	
EBITDA margin (%)	30.35 %	23.35 %	-	
Inventory	253,300	228,861	-	482,161
Total assets	**2,602,323**	**862,611**	**-**	**3,464,934**

2019

	KID Interior	Hemtex	Eliminations and group adjustments	Total
Revenue	1,606,316	735,864	-	2,342,180
Purchased goods and change in inventory	-622,587	-290,485	-12,594	-925,666
Gross profit	983,729	445,379	-12,594	1,416,514
Other operating revenue	200	1,882	-	2,082
Operating expense (OPEX)	-552,236	-285,337	-14,074	-851,647
EBITDA	431,693	161,924	-26,668	566,949
EBITDA ex. IFRS 16	283,435	83,565	-26,668	340,332
Operating profit	259,490	69,153	-26,668	301,975
Operating profit ex. IFRS 16	244,413	72,045	-26,668	289,790
Gross margin (%)	61.2 %	60.5 %		60.5 %
OPEX to sales margin (%)	34.4 %	38.8 %		36.4 %
EBITDA margin (%)	26.9 %	21.9 %		24.2 %
Inventory	304,830	175,554	4,604	484,988
Total assets	**3,018,100**	**439,802**	**7,321**	**3,465,223**

NOTE 5 | 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.

5.1 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 value-in-use to support the value of trademark and goodwill

The Group tests annually whether the Group's trademark and goodwill has suffered any impairment in accordance with IAS 36. The recoverable amounts of the defined cash-generating units, Kid Interior and Hemtex, have been determined based on value-in-use calculations. These calculations require use of estimates. The impairment tests are especially sensitive for negative changes in long-term growth and gross margin.

See note 12 – Intangible assets for more information.

5.2 Critical judgements in determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option.

Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). Most extension options in store leases have not been included in the lease liability, because the group has the market power to renegotiate rental terms rather than exercising options and also has the financial power to replace the stores without significant cost or business disruption.

The lease term is reassessed if an option is actually exercised (or not exercised) or the group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

5.3 Critical judgements in applying the entity's accounting policies

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

NOTE 6 | EMPLOYEE REMUNERATION AND AUDIT FEES

6a Employee benefit expense

	2020	2019
Wages and salaries	484,073	404,371
Social security costs	94,939	76,756
Board remuneration	1,443	1,220
Pension costs - defined contribution plans (note 21)	19,571	12,903
Other benefits	7,093	8,244
Total employee benefit expense	**607,119**	**503,494**
Average number of full-time employees	918	1,033

There has not been any loans to employees or guarantees granted to employees for either 2020 or 2019.

Accruals

	2020	2019
Salary related accruals included in Other short-term liabilities	128,171	104,443
Total salary related accruals	**128,171**	**104,443**

6b Benefits key management personnel and board of directors

Cash paid benefits

		2020				
Key Management	**Position**	**Salary**	**Pension**	**Bonus**	**Other Benefits**	**Total**
Anders Fjeld	CEO	3,150	42	1250	210	**4,652**
Eystein Lund*	CFO	1,587	33	0	9	**1,628**
Board of Directors						
Petter Schouw-Hansen**	Chairman of the Board	375			310	**685**
Rune Marsdal	Board Member				200	**200**
Karin Bing Orgland	Board Member				260	**260**
Liv Berstad	Board Member				200	**200**
Gyrid Skalleberg Ingerø	Board Member				200	**200**
Nomination committee						
Jostein Devold	Nomination committee				50	**50**
Sten Arthur Sælør	Nomination committee				50	**50**
		5,112	**75**	**1,250**	**1,488**	**7,924**

*Employed from mid-March 2020
**Refer to note 22

		2019				
Key Management Personnel	**Position**	**Salary**	**Pension**	**Bonus**	**Other Benefits**	**Total**
Anders Fjeld	CEO	2,550	36	182	208	**2,977**
Henrik Frisell	CFO	1,759	36	0	14	**1,809**
Petter Schouw-Hansen	Chairman of the Board (from may 2019)	1,043			1	**1,044**
Board of Directors						
Henrik Schüssler	Chairman of the Board				300	**300**
Karin Bing Orgland	Board Member				249	**249**
Bjørn Rune Gjelsten	Board Member				191	**191**
Vilde Falck-Ytter	Board Member				191	**191**
Egil Stenshagen	Board Member				191	**191**
Nomination committee						
Jostein Devold	Nomination committee				30	**30**
Sten Arthur Sælør	Nomination committee				40	**40**
		5,352	**73**	**182**	**1,415**	**5,977**

There has not been any loans or guarantees granted to key management personnel for either 2019 or 2020.

CEO and CFO have 6 months salary as termination benefit.

There are no share based payments.

6c Audit fees

	2020	**2019**
Statutory audit (incl. preparation of financial statements)	2,503	1,371
Other assurance services	58	37
Tax related services (incl. preparation of income tax form)	82	58
Other assistance (IFRS conversion and quarterly reports)	45	675
Total fees	**2,688**	**2,141**

NOTE 7 | FINANCE INCOME AND COSTS

	2020	2019
Finance costs		
Bank interest cost	20,601	17,943
Bank transaction costs	3,683	2,072
Other finance costs	5,793	944
Interest on lease liability	30,658	29,494
Total finance costs	**60,735**	**50,454**
Finance income		
Interest income on short-term bank deposits	539	2,228
Other finance income*	31,760	7,282
Total finance income	**32,299**	**9,511**
Net finance costs	**-28,436**	**-40,943**

* The increase in other finance income from 2019 to 2020 is mainly related to unrealized currency gain of NOK 27 483 716.

NOTE 8 | INVESTMENTS IN SUBSIDIARIES

The group had the following subsidiaries at 31 December 2020:

Name	Place of business	Nature of business	Proportion of shares directly held by parent (%)
Kid Interior AS	Norway	Interior goods retailer	100%
Kid Logistikk AS	Norway	Logistics	100%
Hemtex AB	Sweden	Interior goods retailer	100%
Hemtex OY	Finland	Interior goods retailer	100%
Hemtex international AB	Sweden	Non operating company	100%

All subsidiary undertakings are included in the consolidation.

NOTE 9 | INCOME TAX EXPENSE

	2020	2019
Current tax		
Current tax on profits for the year	84,633	51,239
Total current tax	**84,633**	**51,239**
Deferred tax (note 20)		
Origination and reversal of temporary differences	13,563	3,315
Correction of tax on direct capitalized differences included in the calculation of deferred taxes	0	-1,471
Changes in deferred tax due to changes in tax rate	0	0
Income tax expense	**98,196**	**53,082**

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

	2020	2019
Profit before tax	**454,295**	**261,032**
Tax calculated at domestic tax rate (22%) applicable to profits	99,945	57,427
Tax effects of:		
Expenses not deductible for tax purposes/(Income not subject to tax)	-723	2,655
Changes in deferred tax due to changes in tax rate	0	0
Change in deferred tax due to changes in organisational structure	0	-4,712
Effect of different tax rates	-1,025	-1,934
Other	0	354
Income tax expense	**98,197**	**53,082**
Tax charge in percent of profit before tax	22 %	20 %

NOTE 10 | EARNINGS PER SHARE

There exists only one class of shares.

	2020	2019
Earnings per share	40,645,162	40,645,162
Net profit for the year	356,098	207,950
Earnings per share (basic and diluted) (Expressed in NOK per share)	**8.76**	**5.12**

NOTE 11 | PROPERTY, PLANT AND EQUIPMENT

	Assets under constr-uction	Leased mova-bles	Leased shop fitting	Fixtures	Autostore	Right of use asset	Total
Year ended 31 December 2020							
Opening net book amount	25,575	75	2,383	151,200	0	822,604	1,001,837
Additions	2,459	0	9,909	53,007	3,289	254,734	323,398
Reclassifications	-25,388	0	0		27,888	0	2,500
Depreciation charge	0	-75	-1,076	-53,583	-3,280	-279,168	-337,182
Currency translation differences	0	0	0	7,129	0	23,513	30,642
Closing net book amount	**2,646**	**0**	**11,216**	**157,753**	**27,897**	**821,683**	**1,021,195**
At 31 December 2020							
Cost or valuation	2,646	322	83,160	545,373	31,177	1,287,802	1,950,480
Accumulated depreciation	0	-322	-71,944	-380,628	-3,280	-495,052	-951,226
Currency translation differences	0	0	0	-6,992		28,933	21,941
Net book amount	**2,646**	**0**	**11,216**	**157,753**	**27,897**	**821,683**	**1,021,195**
Year ended 31 December 2019							
Opening net book amount	1,392	16	3,412	86,710	0	674,700	766,230
Acquisitions through business combinations				38,467	0	213,592	252,059
Additions	25,575	92	0	70,290	0	144,776	240,733
Reclassifications	-1,392	-	-	1,392	0	-	0
Depreciation charge	-	-33	-1,029	-44,045	0	(215,884)	-260,991
Currency translation differences				-1,614	0	5,420	3,806
Closing net book amount	**25,575**	**75**	**2,383**	**151,199**	**0**	**822,604**	**1,001,837**
At 31 December 2019							
Cost or valuation	25,575	322	73,251	494,627	0	1,033,068	1,626,843
Accumulated depreciation	-	-247	-70,868	-341,813	0	(215,884)	-628,812
Currency translation differences				-1,614	0	5,420	3,806
Net book amount	**25,575**	**75**	**2,383**	**151,200**	**0**	**822,604**	**1,001,837**

Disposals for fixtures in 2019 includes accumulated depreciation for the items and are therefore presented as net value of 0.

Assets under construction relates to fixed assets not ready for use. As such, these items are not depreciated until ready for use.

Indicators of impairment of property, plant and equipment including Right of use assets have been assessed. Management concluded that there were no indicators as per 31 December 2020.

NOTE 12 | INTANGIBLE ASSETS

Cost	Software	Trademark	Goodwill	Total
At 1 January 2019	18,717	1,459,585	-	1,478,302
Acquisitions through business combinations	7,923	49,300	63,746	120,969
Additions	2,349	-	-	2,349
Currency translation differences	493	1,280	1,656	3,429
As at 31 December 2019	**29,483**	**1,510,165**	**65,402**	**1,605,049**
Additions	956	-	-	956
Reclassification	-2,500	-	-	-2,500
Currency translation differences	471	5,319	6,879	12,669
As at 31 December 2020	**28,409**	**1,515,484**	**72,281**	**1,616,174**
Accumulated amortisation and impairment				
At 1 January 2019	-15,412	-	-	-15,412
Amortisation charge	-3,984	-		-3,984
As at 31 December 2019	**-19,396**	**-**	**-**	**-19,396**
At 1 January 2020	-19,396	-	-	-19,396
Amortisation charge	-3,389	-	-	-3,389
As at 31 December 2020	**-22,784**	**-**	**-**	**-22,784**
Net book value				
Cost	29,483	1,510,165	65,401	1,605,049
Accumulated amortisation and impairment	-19,397	-		-19,397
As at 31 December 2019	**10,086**	**1,510,165**	**65,401**	**1,585,652**
Cost	28,409	1,515,484	72,281	1,616,174
Accumulated amortisation and impairment	-22,786	-	-	-22,787
As at 31 December 2020	**5,622**	**1,515,484**	**72,281**	**1,593,387**
Useful life	4-7 years	Indefinite	Indefinite	

Impairment tests for trademark and goodwill

The group tests whether trademark and goodwill 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 and assumptions 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.

Trademark Kid Interior

The trademark Kid was acquired in 2005 and is related to the original cost of the subsidiaries and the company brand Kid Interior. Kid Interior was founded in 1937 and has long traditions within its business area. Kid Interior 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.

The following table sets out the key assumptions:	**2020**	**2019**
Sales volume (% annual growth rate)	2.6	2.5
Gross margin (%)	61.0	60.8
Other operating costs (%)	42.8	43.5
Annual capital expenditure (%)	2.0	2.0
Discount rate after tax (%)	**7.5**	**7.5**

The recoverable amount of the trademark is estimated to be MNOK 3559 (2019 – MNOK 3343). This exceeds the carrying amount of the trademark Kid Interior at 31 December 2020 at MNOK 1460 (2019 – MNOK 1460).

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

	2020		**2019**	
	From	**To**	**From**	**To**
Sales volume (% annual growth rate)	2.6	-2.7	2.5	-1.4
Budgeted gross margin (%)	61.0	50.3	60.8	52.5
Discount rate after tax (%)	7.5	20.8	7.5	14.4

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.

Trademark and goodwill Hemtex

The addition to Trademark and Goodwill in 2019 is related to the acquisition of Hemtex, see note 26 for the detailed purchase price allocation.

The trademark Hemtex was acquired in May 2019 and relates to the Swedish interior goods retailer Hemtex International and its subsidiaries in Finland and Estonia. Hemtex was founded in 1973 and has long traditions within its business area. Hemtex is a well known brand among the population and there is a clear intention to retain and further develop this brand. As a consequence, the brand name is not amortised, but will be tested for impairment annually. The group expects synergies between KID and Hemtex due to joint purchases and souring and optimisation of organisation. Goodwill is currently allocated to Hemtex as a cash generating unit (CGU), but will be monitored and assessed if there should be a split of the goodwill between the Groups two CGU's of Hemtex and Kid Interior.

The group has tested whether the trademark and goodwill has suffered any impairment at year end.

The following table sets out the key assumptions:	2020	2019*
Sales volume (% annual growth rate)	2.1	-
Gross margin (%)	60.9	-
Other operating costs (%)	50.4	-
Annual capital expenditure (%)	2.0	-
Discount rate after tax (%)	**7.2**	**-**

* As the acqusition of Hemtex was carried out in 2019, a full impairment test for trademark and goodwill was not performed last year other that revewing for impairment indicators. For 2020, a full impairment test is carried out.

The recoverable amount of the trademark and goodwill is estimated to be MNOK 1122. This exceeds the carrying amount of the trademark and goodwill in Hemtex at 31 December 2020 at MNOK 128.

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

	2020		2019	
	From	To	From	To
Sales volume (% annual growth rate)	2.1	-0.1	-	-
Budgeted gross margin (%)	60.9	55.4	-	-
Discount rate after tax (%)	7.2	24.6	-	-

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 13 | FINANCIAL INSTRUMENTS

13.1 Financial instruments by category

	31 December 2020		
	Financial assets at amortised cost	Financial assets (cash flow hedge derivatives) at fair value over OCI	Total
Assets as per balance sheet			
Derivative financial instruments	-	-	0
Trade receivables	18,381	-	18,381
Cash and bank deposits	301,276	-	301,276
Total	**319,656**	**0**	**319,656**

	Other financial liabilities at amortised cost	Financial liabilities (cash flow hedge derivatives) at fair value over OCI	Total
Liabilities as per balance sheet			
Liabilities to financial institutions (excluding lease liabilities)	461,480		461,480
Long term lease liability	585,131		585,131
Short term liabilities to financial institutions	60,297		60,297
Short term lease liability	234,113		234,113
Derivatives		78,364	78,364
Trade creditors	92,316		92,316
Total	**1,433,338**	**78,364**	**1,511,701**

	31 December 2019		
	Financial assets at amortised cost	Financial assets (cash flow hedge derivatives) at fair value over OCI	Total
Assets as per balance sheet			
Derivative financial instruments	-	2,305	2,305
Trade receivables	23,201	-	23,201
Cash and bank deposits	339,241	-	339,241
Total	**362,442**	**2,305**	**364,747**

	Other financial liabilities at amortised cost	Total
Liabilities as per balance sheet		
Liabilities to financial institutions (excluding lease liabilities)	494,498	494,498
Long term lease liability	584,848	584,848
Short term liabilities to financial institutions	180,000	180,000
Short term lease liability	217,427	217,427
Derivatives	11,787	11,787
Trade creditors	145,122	145,122
Total	**1,633,682**	**1,633,682**

NOTE 14 | TRADE RECEIVABLES

Trade receivables

The carrying amounts of the Group's trade and other receivables are entirely denominated in the currency in the country in which the company operates, ie NOK, SEK and EUR.

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 15 | INVENTORIES

	2020	2019
Inventory at purchase cost	486,112	487,003
Inventory write-downs to net realizable value	-3,951	-2,015
Inventories	**482,161**	**484,988**

The cost of inventories recognised as an expense and included in 'change in inventory' amounted to 1 113 013 (2019: 925 666). Change in inventory also includes write-downs of inventory during the year as shown in the table below.

Recognized loss on inventories

	2020	2019
Lost goods	18,342	15,424
Change in provision for obsolescence	9,206	1,283
Recognized loss on inventories in cost of goods sold	**27,547**	**16,707**

NOTE 16 | CASH AND CASH EQUIVALENTS

	2020	2019
Cash in bank and in hand	291,605	333,312
Short-term bank overnight deposits	9,929	5,929
Cash and cash equivalents (excluding bank overdrafts)	**301,276**	**339,241**

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

NOTE 17 | SHARE CAPITAL AND PREMIUM

Share capital (all amounts in NOK)

	Number of shares	Ordinary shares	Face value	Total face value
At 31 December 2020	40,645,162	40,645,162	1.2	48,774,194
At 31 December 2019	40,645,162	40,645,162	1.2	48,774,194

The top 20 shareholders per 31.12 are the following:

	31 December 2020	
	# Shares	Ownership
Gjelsten Holding AS	10,161,291	25.00 %
Verdipapirfondet Alfred Berg Gamba	3,249,634	8.00 %
Pareto Aksje Norge Verdipapirfond	2,144,406	5.28 %
Stenshagen Invest AS	1,464,600	3.60 %
Verdipapirfondet Holberg Norge	1,050,000	2.58 %
VJ Invest AS	923,832	2.27 %
Verdipapirfondet Nordea Kapital	867,006	2.13 %
Salt Value AS	840,505	2.07 %
Forsvarets Personellservice	734,600	1.81 %
Goldman Sachs International	678,575	1.67 %
Verdipapirfondet Pareto Investment	652,000	1.60 %
Verdipapirfondet Nordea Avkastning	626,555	1.54 %
Verdipapirfondet Eika Spar	625,738	1.54 %
Verdipapirfondet KLP Aksjenorge	614,197	1.51 %
Verdipapirfondet Nordea Norge Plus	593,234	1.46 %
Verdipapirfondet Eika Norge	508,403	1.25 %
Pescara Invest AS	490,000	1.21 %
J.P. Morgan Bank Luxembourg S.A.	472,171	1.16 %
Varner Equities AS	462,190	1.14 %
Hausta Investor AS	430,000	1.06 %

	31 December 2019	
	# Shares	Ownership
Gjelsten Holding AS	15,179,309	37.35 %
Verdipapirfondet Alfred Berg Gamba	2,199,798	5.41 %
Pareto Aksje Norge Verdipapirfond	2,132,268	5.25 %
Verdipapirfondet Pareto Investment	1,801,000	4.43 %
Stenshagen Invest AS	1,464,600	3.60 %
Goldman Sachs International	1,086,961	2.67 %
Verdipapirfondet Holberg Norge	1,000,000	2.46 %
Banque de Luxembourg S.A.	863,104	2.12 %
Salt Value AS	760,672	1.87 %
VJ Invest AS	738,656	1.82 %
Verdipapirfondet Nordea Kapital	631,369	1.55 %
Forsvarets Personellservice	627,700	1.54 %
Verdipapirfondet Nordea Avkastning	532,243	1.31 %
J.P. Morgan Bank Luxembourg S.A.	483,062	1.19 %
Pescara Invest AS	460,000	1.13 %
Varner Equities AS	424,202	1.04 %
Hausta Investor AS	420,000	1.03 %
Verdipapirforndet Nordea Norge Verd	412,075	1.01 %
Espedal & CO AS	386,308	0.95 %
Verdipapirfondet Nordea Norge Plus	315,783	0.78 %

Share premium	Amount
At 31 December 2014	156,874
Equity issue November 2015	164,175
At 31 December 2020	**321,049**

Key Management Personnel Share holdings	31.12.2020	31.12.2019
Anders Fjeld	90,000	68,999
Eystein Lund	62,286	-
Board of Directors		
Petter Schouw-Hansen	44,058	44,058
Liv Berstad	-	na
Gyrid Skalleberg Ingerø	1,007	na
Karin Bing Orgland	32,629	32,629
Rune Marsdal	9,677	9,677
Vilde Falck-Ytter	na	6,451
Egil Stenshagen (100% of Stenshagen Invest AS)	na	1,464,600

NOTE 18 | LIABILITIES TO FINANCIAL INSTITUTIONS

	2020	2019
Long term		
Bank loans	461,480	494,498
Finance lease liabilities	0	0
Total long term liabilities to financial institutions	**461,480**	**494,498**
Short term		
Bank loans	60,297	180,000
Finance lease liabilities	0	0
Total short term liabilities to financial institutions	**60,297**	**180,000**
Total liabilities to financial institutions	**521,777**	**674,498**

(a) Bank loans
Bank loans mature until June 2022 and bear an average interest rate of 1,97% annually (2019: 2,71%).

Total loans include secured liabilities (bank and collateralised loans) of TNOK 520 000 (2019: TNOK 675 000). The group has a bank overdraft of TNOK 247 000 which was used twice during the year, but not at year end. The Bank loans are secured by 100% of the shares in Kid Interior AS.

TNOK 395 000 (included in the 1-5 years in table below) of the external loans with floating interest rates are swapped to fixed interest rates by means of interest rate derivatives to maintain the desired split between fixed and floating interest rates.

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. Since the bank overdraft was not utilized at year end 2020 or 2019, 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:

	2020	2019
6 months or less	60,297	50,000
6-12 months	0	130,000
1-5 years	461,667	494,498
Total liabilities to financial institutions	**521,964**	**674,498**

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

	2020	2019
Bank loans	521,964	674,498
Finance lease liabilities	0	0
Total carrying amount of liabilities to financial institutions	**521,964**	**674,498**

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

Included in the 1-5 years category in the table above is a TNOK 395 000 loan, where the group entered an interest swap agreement in 2019, see note 3.3 for fair value of the swap at year end.

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

	2020	2019
NOK	521,964	674,498
Other currencies	-	-
Total	**521,964**	**674,498**

The Group has the following granted loan facilities:

	2020	2019
Unused bank overdraft	247,000	247,000
Employee tax guarantee	13,000	12,000
Letter of credit limit	115,000	65,000
Bank guarantee limit	13,000	12,000
Total	**388,000**	**336,000**

Following covenants is regulated by contract:

	Interval	Limit 2020	Limit 2019
Gearing ratio (NIBD/EBITDA)	annually	3	3
CAPEX Year to date (in NOK millions)	annually	100	100
EBITDA Last twelve months (in NOK millions)	quarterly	150	150

The Group has been compliant with covenants at all intervals.

NOTE 19 | OTHER OPERATING EXPENSES

	2020	2019
Rental costs for shops and storage	48,919	78,265
Advertising and other marketing costs	128,019	102,254
Other expenses	275,712	167,634
Total other expenses	**452,650**	**348,153**

NOTE 20 | DEFERRED INCOME TAX

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

	2020	2019
Deferred tax assets:		
- Deferred tax assets to be recovered after more than 12 months	-	8,597
- Deferred tax assets to be recovered within 12 months	15,810	10,421
	15,810	**19,018**
Deferred tax liabilities:		
- Deferred tax liability to be recovered after more than 12 months	-313,177	-331,933
- Deferred tax liability to be recovered within 12 months	-2,159	-299
	-315,336	**-332,232**
Deferred tax liabilities (net)	**-299,526**	**-313,214**

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 (-)	2020	2019	Movement
Tangible and intangible assets	-1,458,433	-1,487,122	28,689
Other temporary differences	-2,736	-325	-2,411
Inventories	8,704	10,379	-1,675
Financial lease	36,055	16,521	19,534
Accumulated deficit	0	60,278	-60,278
Provisions	3,556	1,398	2,158
Forward currency contracts	79,752	19,048	60,704
Unrealized currency gain/loss long term	-28,546	-6,423	-22,123
Sum temporary differences	**-1,361,649**	-1,386,246	**24,597**
Basis for deferred tax	-1,361,649	-1,386,246	24,597
Deferred tax in the balance sheet	**299,527**	**313,214**	

Deferred tax is measured at the tax rates expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax is not recognized for goodwill identified in business combinations. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority. Deferred tax assets are recognized for unused tax losses, tax credits and deductible temporary differences. The deferred tax asset is only recognized to the extent it is considered probable that future taxable profits will be available to utilize the credits.

The tax rate in Norway is 22%, the tax rate in Sweden is 21,4% for 2019 and 2020 and 20,6% from 2021 and going forward. The tax rate for Finland is 20%.

NOTE 21 | 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:	2020	2019
Pensions earned this year - the group pension scheme	19,571	11,976
Pensions earned this year - the agreed early retirement scheme (AFP)	674	927
Social security fees	4,289	2,092
Net pension expenses	**24,534**	**14,996**

21.1 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-enterprise scheme, but is recognised in the accounts 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 company's liabilities are therefore not recognised as debt in the balance sheet.

NOTE 22 | RELATED PARTIES

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 2020 and 2019:

Relared Party Transactions	2020	2019
Vågsgaten Handel AS with subsidiaries (Store rental)	1,137	1,143
Total	**1,512**	**1,143**

*The chairman of the board, Petter Schouw-Hansen, has been employed by Kid Interior AS to perform integration work related to Hemtex AB.
For the full year 2020 the payment of salary amounts to NOK 375 thousand (2019: NOK 1 045 thousand and payment for travel of NOK 78 thousand).
The work is approved by the board as per Kid corporate governance policies.

NOTE 23 | RECONCILIATION OF OTHER RESERVES

Cash flow hedge reserve

The company uses hedging instruments as part of its management 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 through Other comprehensive income. Please also refer to note 3.1-3.3 for more information.

The company's interest exposure mainly arises from external funding in bank and debt capital markets. The company uses interest rate swaps to achieve the desired fixed/floating ratio of the external debt. Hedge accounting is applied using the cash flow model for interest rate swaps which means that gains and losses from floating to fixed interest rates as of December 31, 2020 are recognized through Other Comprehensive Income and will be continuously released to the income statement until the bank borrowings are repaid. This is done based on the periodic market-to-market revaluation of the interest rate swaps whose fair value tends to reach zero upon maturity.

Cash flow hedge reserve	
Opening balance 01.01.2019	8,265
Add: Cost of hedging deferred for the year	-2,051
Less: Reclassified to the carrying amount of inventory	-23,046
Less: Deferred tax on cash flow hedges in OCI	451
Less: Deferred tax	5,070
Closing balance 31.12.2019 cash flow hedge reserve	**-11,312**
Currency translation differences foreign operations	1,163
Total other reserves 31.12.2019	**-10,148**
Opening balance 01.01.2020	-10,147
Add: Changes in fair value of currency cash flow hedges	-56,488
Add: Changes in fair value of interest cash flow hedges	-27,033
Add: Realized cash flow hedges	1,156
Less: Deferred tax on cash flow hedges in OCI	18,034
Closing balance 31.12.2020 cash flow hedge reserve	**-74,479**
Currency translation differences foreign operations	20,422
Total other reserves 31.12.2020	**-54,466**

NOTE 24 | NET DEBT RECONCILIATION

The below table sets out an overview over net debt.

	2020	2019
Cash and cash equivalents	301,276	339,241
Borrowings - repayable within one year (including overdraft)	-60,297	-180,000
Borrowings - repayable after one year	-461,480	-494,498
Lease liabilities - payed within one year	-234,113	-217,427
Lease liabilities - payed after one year	-585,131	-584,848
Net debt	**-1,039,746**	**-1,137,532**
Cash and liquid investments	301,276	339,241
Gross debt - fixed interest rates	-395,000	-395,000
Gross debt - variable interest rates	-126,777	-279,498
Lease liabilities	-819,245	-802,276
Net debt	**-1,039,746**	**-1,137,533**

	Cash/ bank overdraft	Finance leases	Borrow	Total
Net debt as at 1 January 2019	**242,151**	**-2,873**	**-426,264**	**-186,986**
Cash flows	97,725	-	-	97,725
Proceeds from borrowings	-	-	-674,375	-674,375
Repayment of principals		193,841	627,776	821,617
Non Cashflow activities				
Acquisitions through business combinations	-	-213,592	-201,636	-415,228
New lease liabilities	-	-118,396	-	-118,396
Implementation of IFRS 16	-	-655,835	-	-655,835
Foreign exchange adjustments	-634	-5,420	-	-6,054
Net debt as at 31 December 2019	**339,242**	**-802,275**	**-674,499**	**-1,137,532**
Net debt as at 1 January 2020	**339,242**	**-802,275**	**-674,499**	**-1,137,532**
Cash flows	-41,545		-2,634	-44,179
Proceeds from borrowings			-25,000	-25,000
Repayment of principals		274,956	180,356	455,312
				-
Non Cashflow activities				-
New lease liabilities		-254,734		-254,734
Foreign exchange adjustments	3,576	-37,192		-33,616
Net debt as at 31 December 2020	**301,273**	**-819,245**	**-521,777**	**-1,039,749**

NOTE 25 | LEASES

The balance sheet shows the following amounts relating to leases		2020	2019
Right of use assets	11	821,683	822,604
Lease liabilities	3	819,244	802,275

The statement of profit or loss shows the following amounts relating to leases	2020	2019
Depreciation charge of right-of-use assets	279,168	214,433
Interest expense (included in finance cost)	30,658	29,688
Expense relating to (included in other operating expenses):		
Variable lease payments	6,959	1,453
Short term leases and leases of low value	867	1,612

The total cash outflow for leases in 2020 was TNOK 274 956 (2019 –TNOK 223 335).

	2020	2019
Number of lease contracts	305	330
Right to renewal of lease contract	69	51
Percentage of lease contracts with option to renewal	23%	15%

Number of lease contracts by geography	2020	2019
Norway	146	163
Sweden	143	149
Finland	10	12
Estonia	6	6

NOTE 26 | BUSINESS COMBINATIONS

On 14 May 2019, Kid entered into a share purchase agreement with Ica Gruppen AB under which Kid acquired all issued and outstanding shares in Hemtex. The consideration was SEK 37.6 million. The consideration was based on an enterprise value of SEK 226 million.

In addition to the shares in Hemtex, Kid acquired from Ica Gruppen AB the inter-company debt owned by the Hemtex group companies of SEK 218.5 million. The total amount of the transaction of SEK 255.2 million was settled in cash.

The acquisition of Hemtex in 2019 represented an important strategic development for Kid, as Hemtex complement and strengthen Kid's position in the Nordic market. The Transaction combines two highly complementary businesses created a leading Nordic retail chain in the home textile and interior market.

Identifiable assets acquired and liabilities assumed

The following table summarises the recognised amounts of assets and liabilities assumed at the date of acquisition.

(Amounts in NOK thousand)	Total
Intangible assets	61,770
Property, plant and equipment	252,059
Inventories	137,707
Trade and other receivables	34,117
Cash and cash equivalents	41,896
Loans and borrowings*	-201,270
Other liabilities	-224,030
Trade and other payables	-131,371
Total identifiable net assets acquired	**-29,122**
Goodwill at the date of acquisition	63,746
Total Settlement	**34,625**

*Kid used parts of the proceeds from the Nordea debt facility (see note 18) to finance the acquisitions of the debt owned by the Hemtex group to ICA Gruppen AB at the date of the transaction.

In connection with the acquisition there were identified and recognised intangible assets with an acquisition date fair value totalling NOK 49,300 thousand for trademarks. After allocation the identified values of the underlying assets and liabilities the acquisition gives rise to goodwill totalling NOK 63,746 thousand.

The cost price allocation was based on a preliminary assessment. In accordance with IFRS 3, a PPA adjustment related to deferred tax asset was recognized in Q1 2020. No other changes has been made from the initial allocation.

Revenue and profit contribution

The acquired Hemtex business contributed revenues of NOK 735,869 thousand and net profit of NOK 44,023 thousand to the group for the period from 15. May to 31. December 2019. If the acquisition had occurred on 1 January 2019, consolidated pro-forma revenue and net profit for the financial year 2019 would have been NOK 1,025,511 thousand and NOK 46,129 thousand respectively.

NOTE 27 | SUBSEQUENT EVENTS

The pandemic situation persists with local outbreaks and governmental restrictions affecting our markets in different ways. Kid Group is adapting such local restrictions on a running basis. As per 28 April 2021, 22 stores are closed in Norway and 5 are closed in Estonia. All stores are open in Sweden and Finland. Management continues to monitor the situation closely.

Since year end 31.12.20, Kid ASA has entered into a renewed agreement with Nordea securing a term loan structure of NOK 611.7 million (of which NOK 100 million can be drawn at Kid's discretion with a maximum of two tranches) with annual instalments of NOK 30 million over 5 years.

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

FINANCIAL STATEMENTS KID ASA 2020

Contents

KID ASA - STATEMENT OF INCOME

(All amounts in NOK 1000 unless otherwise stated)

	Note	2020	2019
Management fee	9	16,009	-
Personnel expenses	7	1,505	1,388
Other operating expenses	7	15,282	9,504
Total operating expenses		**16,787**	**10,892**
Operating profit		**-778**	**-10,892**
Income from subsidiaries and associated companies	3	372,839	244,563
Interest income from group companies		5,891	4,751
Other interest income	8	-	-
Other financial income	8	27,698	6,674
Other interest expenses	8	-15,936	-16,715
Other financial expenses		-8,756	-1,054
Profit before tax		**380,957**	**227,326**
Tax on ordinary result	6	83,820	51,469
Net profit or loss for the year		**297,137**	**175,857**
Profit attributable to:			
Allocated dividend		178,839	48,774
Allocated to other equity		118,298	127,083
Total allocation		**297,137**	**175,857**

Note 1 to 13 are an integral part of these financial statements

KID ASA - BALANCE SHEET / ASSETS

(All amounts in NOK 1000 unless otherwise stated)

	Note	2020	2019
NON-CURRENT ASSETS			
Financial fixed assets			
Investments in subsidiaries	1.2	1,286,100	1,286,100
Loan to group companies	3	228,460	206,324
Total financial fixed assets		**1,514,560**	**1,492,424**
Software	11	2,634	0
Total intangible assets		**2,634**	**0**
Total non-current assets		**1,517,194**	**1,492,424**
CURRENT ASSETS			
Other receivables	3	659,118	245,377
Cash and bank deposits	12	286,905	60,941
Total current assets		**946,022**	**306,318**
TOTAL ASSETS		**2,463,216**	**1,798,742**

KID ASA - BALANCE SHEET / EQUITY & LIABILITIES

(All amounts in NOK 1000 unless otherwise stated)

	Note	2020	2019
EQUITY AND LIABILITIES			
Paid-up equity			
Share capital	5	48,774	48,774
Share premium reserve		321,049	321,049
Other paid-up equity		64,617	64,617
Total paid-up equity		**434,440**	**434,440**
Retained earnings			
Other equity		467,732	585,175
Total retained earnings		**467,732**	**585,175**
TOTAL EQUITY	4	**902,172**	**1,019,615**
Deferred tax	6	6,280	1,410
Other long-term liabilities			
Liabilities to financial institutions	2	519,785	674,498
Total of other long term liabilities		**519,785**	**674,498**
CURRENT LIABILITIES			
Trade creditors		745	9
Tax payable	6	78,907	50,059
Dividend		178,839	48,774
Other current debt	3, 12	776,488	4,377
Total short term liabilities		**1,034,979**	**103,219**
Total liabilities		**1,561,045**	**779,127**
TOTAL EQUITY AND LIABILITIES		**2,463,216**	**1,798,742**

Note 1 to 13 are an integral part of these financial statements.

Lier, 30 April 2021

The board of directors, KID ASA

Petter Schouw-Hansen
Chairperson

Rune Marsdal
Board member

Liv Berstad
Board member

Gyrid Skalleberg Ingerø
Board member

Karin Bing Orgland
Board member

Anders Fjeld
Chief Executive Officer

KID ASA - CASH FLOW STATEMENT

(All amounts in NOK 1000 unless otherwise stated)

	Note	2020	2019
CASH FLOW FROM OPERATIONS			
Profit before income taxes		380,957	227,326
Taxes paid in the period		-51,469	-49,702
Change in trade creditors		736	-22
Change in other provisions		360,026	-25,518
Net cash flow from operations		**690,250**	**152,084**
CASH FLOW FROM INVESTMENTS			
Increase in investments in subsidiaries		0	-81,942
Investment in software		-2,634	0
Net cash flow from investments		**-2,634**	**-81,942**
CASH FLOW FROM FINANCING			
Proceeds from short/long term loans		-155,000	249,498
Change in borrowings to group companies		-22,136	-206,324
Payment of dividends		-284,516	-130,064
Net cash flow from financing		**-461,652**	**-86,890**
Net change in cash and cash equivalents		**225,965**	**-16,748**
Exchange gain /(losses) on cash and cash equivalents		-	-
Cash and cash equivalents at the beginning of the period		60,940	77,688
Cash and cash equivalents at the end of the period		**286,905**	**60,940**

KID ASA - NOTES TO THE FINANCIAL STATEMENTS

| ACCOUNTING PRINCIPLES

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

Currency
The parent company accounts are reported in Norwegian kroner (NOK) which is also the Functional currency for the parent company.

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.

Measurement of revenues and costs
Revenues are recognised as they are earned. Revenues consist of management fees for services rendered from the Parent company to subsidiaries. Costs are recognised in the same reporting period as the corresponding revenues.

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 carryforward 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).

Currency
Monetary balance sheet items in foreign currency are recorded at year-end exchange rates. Realised currency exchange gains or losses are recorded at the time of payment in other financial income or expenses.

Derivative instruments
Derivative instruments are entered into to provide economic hedges for parts of the exposure to currency rate risk. In the Parent company, gains or losses on the derivative instruments are recognised when the instrument expires, is sold or terminated.

At inception of the hedge relationship, the group documents the economic relationship between hedging instruments and hedged items, including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The group documents its risk management objective and strategy for undertaking its hedge transactions. Please refer to Note 3 in Kid ASA Group accounts for more information.

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 Interior AS	Lier, Norway	100%	493,271	367,381	1,204,158
Hemtex International AB	Borås, Sweden	100%	106,704	42,057	81,942
Balance sheet value 31.12.20					1,286,100

NOTE 2 | DEBTORS AND LIABILITIES

	2020	2019
Liabilities secured by mortgage	**-519,785**	**674,985**
Balance sheet value of assets placed as security:		
Shares	1,286,100	1,286,100
Total	1,286,100	1,286,100

NOTE 3 | BALANCE WITH GROUP COMPANIES, ETC.

	Loan to group comapnies		Other receivables	
	2020	2019	2020	2019
Group companies	228,460	206,324	657,468	245,073
Total	**228,460**	**206,324**	**657,468**	**246,377**

	Other current debt	
	2020	2019
Debt to Group companies - cash pool	765,243	-
Total	**765,243**	**-**

Please also refer to note 12 Cash and cash equivalents for information regarding the Company's cash pool arrangement.

NOTE 4 | SHAREHOLDERS' EQUITY

Equity changes in the year	Share capital	Share premium	Other paid-in equity	Other equity	Total
Equity 01.01.20	48,774	321,049	64,617	585,175	1,019,615
Profit for the year	-	-	-	297,137	297,137
Dividend pre-payment 11 nov 20	-	-	-	-235,742	-235,742
Proposed dividends 31.12.20	-	-	-	-178,839	-178,839
Equity 31.12.20	**48,774**	**321,049**	**64,617**	**467,732**	**902,171**

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 31.12.20 was:

Shareholder	Ownership
Gjelsten Holding AS	25.00 %
Verdipapirfondet Alfred Berg Gamba	8.00 %
Pareto Aksje Norge Verdipapirfond	5.28 %
Stenshagen Invest AS	3.60 %
Verdipapirfondet Holberg Norge	2.58 %
VJ Invest AS	2.27 %
Verdipapirfondet Nordea Kapital	2.13 %
Salt Value AS	2.07 %
Forsvarets Personellservice	1.81 %
Goldman Sachs International	1.67 %
Verdipapirfondet Pareto Investment	1.60 %
Verdipapirfondet Nordea Avkastning	1.54 %
Verdipapirfondet Eika Spar	1.54 %
Verdipapirfondet KLP Aksjenorge	1.51 %
Verdipapirfondet Nordea Norge Plus	1.46 %
Verdipapirfondet Eika Norge	1.25 %
Pescara Invest AS	1.21 %
J.P. Morgan Bank Luxembourg S.A.	1.16 %
Varner Equities AS	1.14 %
Hausta Investor AS	1.06 %

NOTE 6 | TAXES

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

	2020	2019
Result before taxes	380,957	227,326
Permanent differences	43	6,626
Basis for the tax expense for the year	381,000	233,952
Change in temporary differences	-22,136	-6,411
Basis for payable taxes in the income statement	**358,864**	**227,541**
+/- Group contributions received/given	-	-
Taxable income (basis for payable taxes in the balance sheet)	**358,864**	**227,541**

Components of the income tax expenses

	2020	2019
Tax rate	22%	22%
Payable tax on this year's result	78,950	50,059
Tax effect of transaction costs related to primary issue of shares	-	-
Total payable tax	78,950	50,029
Change in deferred tax based on original tax rate	4,870	1,410.00
Change in deferred tax due to change in tax rate	-	-
Tax expense	**83,820**	**51,469**
Tax expense as a percentage of profit before tax	22%	22.6%
Payable taxes in the balance sheet		
Payable tax in the tax charge	78,950	50,059
Tax effect of group contribution	-	-
Payable tax in the balance sheet	**78,950**	**50,059**
Temporary differences included in the basis of deferred tax/tax asset		
Unrealized currency gain/loss long term	28,546	6,410
Basis for deferred tax/tax asset	28,546	6,410
Deferred tax recognised	**6,280**	**1,410**

NOTE 7 | PAYROLL EXPENSES, NUMBER OF EMPLOYEES, REMUNERATIONS, LOANS TO EMPLOYEES, ETC.

Payroll expenses

	2020	2019
Salaries/wages	-	-
Social security fees	179	168
Board remuneration	1,326	1,220
Total	**1,505**	**1,388**

There are no employees in Kid ASA.

The CEO of Kid ASA has not received salary in relation to his role in this company.

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

Expensed audit fees

	2020	2019
Statutory audit (incl. technical assistance with financial statements)	999	350
Other assurance services	-	-
Tax advisory fee (incl. technical assistance with tax return)	20	15
Other assistance (IFRS conversion and quarterly reports)		280
Total audit fees	**1,019**	**645**

NOTE 8 | SPECIFICATION OF FINANCIAL INCOME AND EXPENSES

Financial income

	2020	2019
Interest income from group entities	5,891	4751
Interest income	213	0
Other financial income (unrealized currency gain)	27,484	6,674
Total financial income	**33,587**	**11,425**

Financial expenses

	2020	2019
Interest expenses	15,936	16,715
Other financial expenses	8,756	1,054
Total financial expenses	**24,693**	**17,769**

NOTE 9 | RELATED-PARTY TRANSACTIONS

The balance with group companies is disclosed in note 3.

Transactions with related parties

	2020	2019
Transactions with Group companies	16,009	-
Interest income from Group companies	5,891	4,751

NOTE 10 | FINANCIAL MARKET RISK

Kid ASA is exposed to interest rate risk on long term debt and foreign exchange risk on long term receivable.

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. Fixed-interest contracts are used to reduce this risk. In addition to the MNOK 675 long term loan, Kid ASA also have a MNOK 274 flexible credit facility that is used during the year, but not at year end. Please also refer to note 12 Cash and cash equivalents for information regarding the cash pool.

At year end, the Company had one interest rate swap contract at a fair value of MNOK - 24,73 (MNOK 2,3). Gains or losses on the derivative instruments are recognised when the instrument expires, is sold or terminated. No contracts expired, was sold or terminated during the year, as such no gains or losses was recognised in 2020 or in 2019. Please refer to note 3 Financial risk management in Kid Group for further information on derivative contracts.

NOTE 11 | INTANGIBLE ASSETS

	Software
At 1 January 2019	-
Additions	-
Depreciation	-
Net book value as at 31 December 2019	**-**
At 1 January 2020	-
Additions	3,149
Depreciation	-515
Net book value as at 31 December 2020	**2,634**

Useful life	4-7 years

NOTE 12 | CASH AND CASH EQUIVALENTS

The company policy for the purpose of optimizing availability and flexibility of cash within the Group is to use a cash pooling arrangement. The arrangement is organized with Nordea Sweden as a service provider and is a multi-currency arrangement consisting of currencies NOK, SEK, USD, EUR and HKD. Kid ASA as an owner of the pool is financially viable concerning repayment of any net deposits made by Kid Interior AS, Kid Logistikk AS, Hemtex AB, Hemtex International AB and Hemtex OY. The cash pool has a maximum credit of MNOK 274, which has not been used at year end.

The following balances relate to the cash pool arrangement:

	2020	2019
Cash and bank deposits	286,905	0
Current debt to Group companies	765,243	0

There are no restricted funds.

NOTE 13 | SUBSEQUENT EVENTS

The pandemic situation persists with local outbreaks and governmental restrictions affecting our markets in different ways. Kid Group is adapting such local restrictions on a running basis. As per 28 April 2021, 22 stores are closed in Norway and 5 are closed in Estonia. All stores are open in Sweden and Finland. Management continues to monitor the situation closely.

Since year end 31.12.20, Kid ASA has entered into a renewed agreement with Nordea securing a term loan structure of NOK 611.7 million (of which NOK 100 million can be drawn at Kid's discretion with a maximum of two tranches) with annual instalments of NOK 30 million over 5 years.

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

RESPONSIBILITY STATEMENT

We confirm, to the best of our knowledge, that the financial statements for the period 1 January to 31 December 2020 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, 30 April 2021

The board of directors, KID ASA

Petter Schouw-Hansen Chairperson	Rune Marsdal Board member	Liv Berstad Board member
Gyrid Skalleberg Ingerø Board member	Karin Bing Orgland Board member	Anders Fjeld Chief Executive Officer

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 2020, 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 consolidated statements of financial position as at 31 December 2020, profit and loss, comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated 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 2020, 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 2020, 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. *Valuation of the Trademark in KID* carries the same characteristics and risks this year and has consequently been in our focus for the 2020 audit

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Independent Auditor's Report - KID ASA

Key Audit Matter	How our audit addressed the Key Audit Matter
Valuation of the KID trademark	
The trademark amounts to a significant part of the Group's total fixed 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 charge was recognized in 2020. 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. For more information see note 5 Critical accounting estimates and note 12 Intangible assets where management explains the origin of the Trademark and the impairment test.	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 2020 estimated cash flows used in last year's impairment test with the actual cash flows in 2020. There was some estimate deviation from last year as the company has experienced positive cash flow effects due to COVID-19. 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 discount rate, we compared the different input factors used in the determination of the discount rate with observable market data, market expectations and discount rates used by 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 observed 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 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.

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Independent Auditor's Report - KID ASA

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 and using 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.

Independent Auditor's Report - KID ASA

- 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 a true and fair view.
- 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.

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Independent Auditor's Report - KID ASA

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, 30 April 2021

PricewaterhouseCoopers AS

Geir Haglund
State Authorised Public Accountant

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Financial calendar 2021

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/

REVENUE UPDATES

KID ASA will announce revenue updates on the following dates:

Q2-2021 revenue – 06.07.2021
Q3-2021 revenue – 07.10.2021

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

Annual General Meeting
27 May 2021

Q1
12 May 2021

Q2
20 August 2021

Q3
4 November 2021

Kid

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