



KID ASA ANNUAL REPORT

Financial statements
ESG statements

2023

Kid

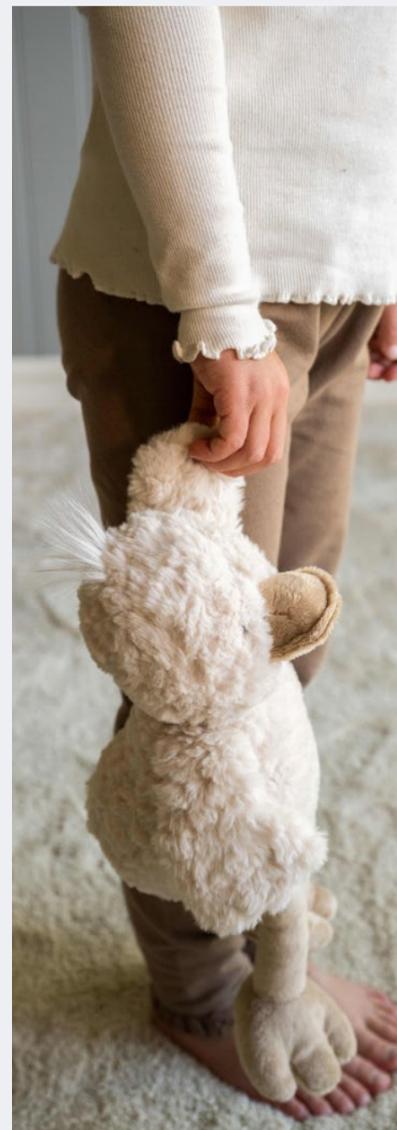
KID ASA ANNUAL REPORT



Kid

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

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REPORTS & STATEMENTS

ESG STATEMENTS

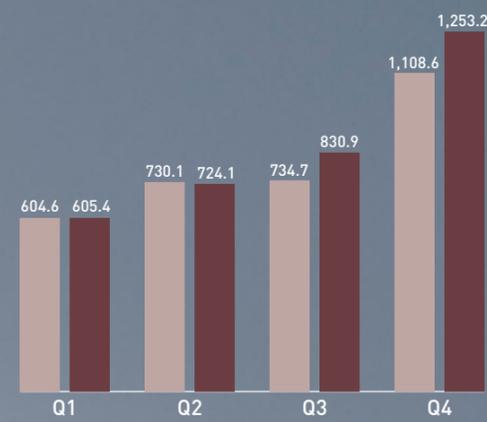
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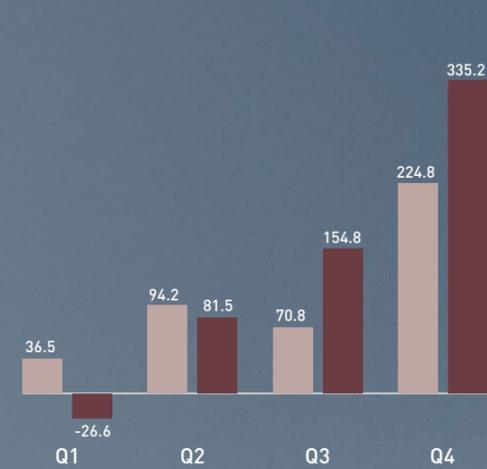
FINANCIAL HIGHLIGHTS 2023

Revenues
(MNOK)



2022 2023

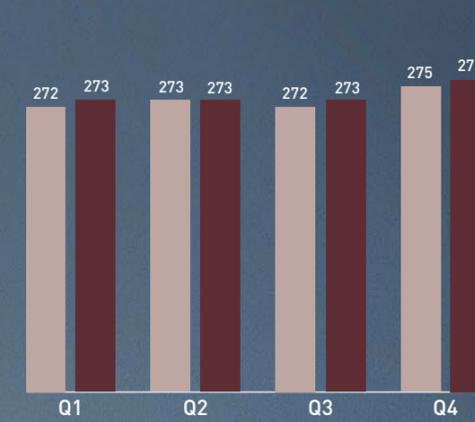
EBITDA*
(MNOK)



2022 2023

* Excluding IFRS 16 effects

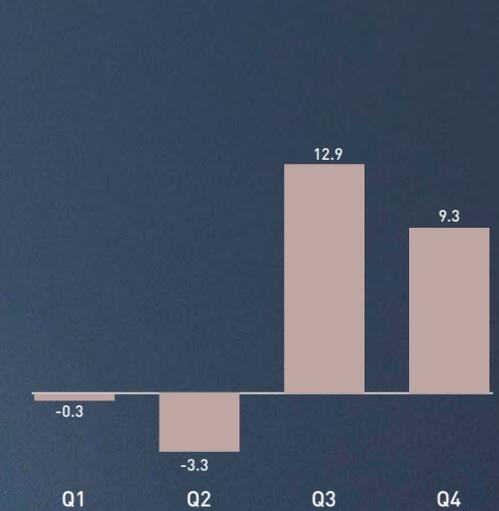
Number of physical stores*
(Period end)



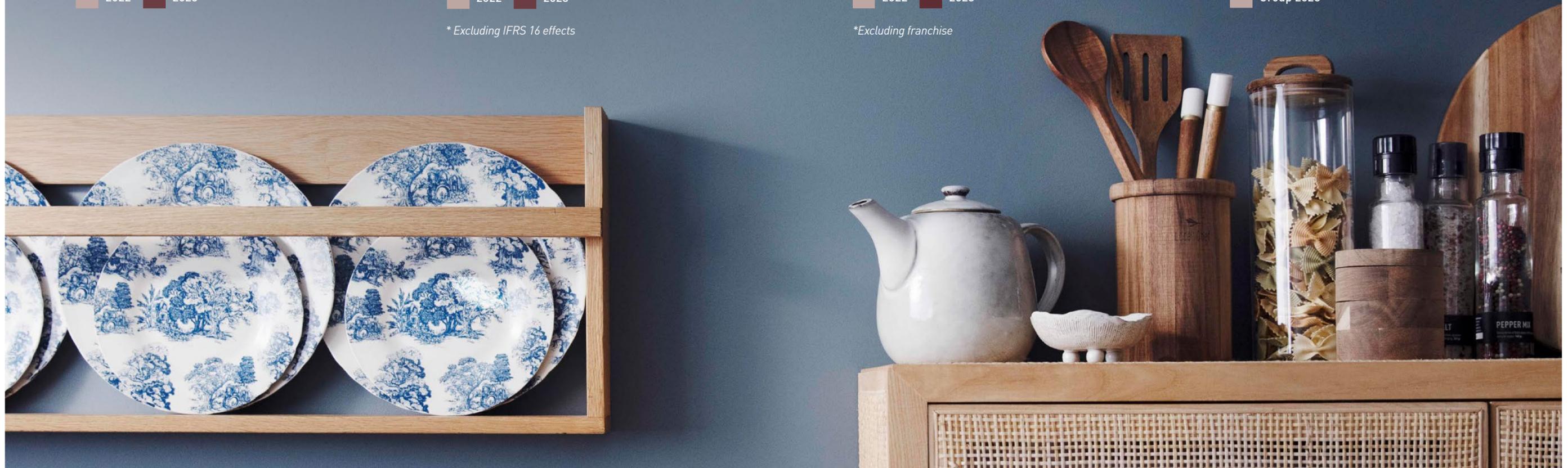
2022 2023

* Excluding franchise

Like-for-like growth
(%)



Group 2023



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 157 stores, and under the Hemtex brand in Sweden, Finland and Estonia with 119 stores as well as 11 franchise stores. The Kid Group offers a full range of home and interior products, including textiles, curtains, bed linens, 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 2023 the Kid Group had 2,201 employees.

The Group operate under the Kid Interior brand in Norway and Hemtex brand in Sweden, Finland and Estonia. Both brands are benefiting from unbeatable brand recognition and top-of-mind awareness.

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 products are marketed as sub-brands.

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.



OUR HISTORY

- Kid
- Hemtex
- Kid & Hemtex

1937 Establishment
Kid Interior was established by Jul Andrew Gundersen as JAG shoe factory

1953 The first shop
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

1970 Establishment
Hemtex was established by 14 owners of independent interior textile stores

1970s Own production
An increased focus on interior textiles and the start of its own production

1990 Change of name
The company, with its 60 stores, changed name to Hemtex

1994 Change of name
The company changed its name to Kid Interior and began using the Kid brand for selected products

1997 Growing
The third generation of the Gundersen family takes over the business, which has now grown to 24 stores

2005 Stockholm Stock Exchange
The company turns public as its shares are listed on the Stockholm Stock Exchange

2005 Shares sold
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

2009 DNB Bank
DNB Bank takes control of Kid Interior following a long-term debt default

2012 Successful turnaround
Gjelsten Holding takes 100 percent ownership of the company, which now comprises 111 stores after a successful turnaround

2015 ICA Gruppen
ICA Gruppen takes 100 percent ownership of the company

2015 Oslo Stock Exchange
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

2019 Acquisition of Hemtex
Hemtex was acquired by Kid ASA May 2019

2022 Extended Concept
A successful launch of a new and extended assortment, including large furniture, in larger physical stores and online in Q4 2022 and during 2023

2023 HIGHLIGHTS





Kid Interior



Hemtex, Nautica Tallin



Hemtex, Avion Umeå



Hemtex Lippulaiva Espoo



Hemtex, Avion Umeå



Kid Interior, Sørlandssenteret, Kristiansand



Hemtex Nautica Tallin



DEAR SHAREHOLDERS,

In 2023, the Kid Group outperformed the market, and we can proudly present a strong revenue growth of 7.4% and all-time-high revenues of NOK 3.4 billion. The Group reached several new milestones during the year by passing the NOK 2 billion revenue mark in Kid Interior, and exceeding NOK 400 million from Group online sales. Key growth drivers were the Extended concept and new product categories, in addition to continued investments in physical stores and our e-commerce platform. Hemtex celebrated 50 years and achieved an all-time high revenue since the acquisition in 2019.

Category development, innovation and operational improvements remain key growth drivers. Based on constant currency calculation, revenues from new categories launched since 2017 increased by 20% in 2023 to MNOK 430, with the highest growth contribution from sofas, beds, kitchen accessories, home wear and made-to-measure technical sun screening.



The Extended concept was launched in Norway in Q4 2022 and comprise an extension of our current categories and new assortment, including sofas, carpets and beds. Revenues from the Extended assortment amounted to MNOK 48.4 for the fiscal year, of which MNOK 25.0 from online sales. The piloting phase in Norway was closely monitored throughout the year and has proved successful. Subsequently, we have decided to ramp-up the concept by launching the Extended assortment online and in selected larger stores (+600 sqm.) in Hemtex during Q1 2024. In addition, we will increase the number of Extended stores (+1,200 sqm.) from 5 to 10 in Norway, and open 3 Extended stores in Sweden.

On a constant currency basis, online sales grew by 17.6% compared to last year, ending at MNOK 416.1 in 2023, corresponding to an online share of 12.2%. Additionally, Click & Collect represented MNOK 179.2 in store revenues. In total, 17.4% of total revenues thus stems from our online platform. Our omnichannel approach is and will remain an important growth driver.

Based on our CO2e roadmap, we submitted both our near-term and long-term CO2e reduction targets to the Science Based Target initiative (SBTi) in 2022. In 2023, SBTi approved our net-zero science-based target as one of the first retailers in the Nordics. We are committed to reduce our absolute CO2e emissions in scope 1, 2 and 3* by 50% within 2030, and by 90% within 2045 from a 2020 base year. With our approved SBTi target in hand, our plan is aligned with the 1.5°C goal in the Paris Agreement.

2023 was a challenging year for the retail sector at large, with headwinds from external macroeconomic conditions. However, we managed to deliver strong results in H2 2023. This outcome is a result of our strong value-for-money market position, as well as long-term commitment to category development, marketing investments and activities, focus on the customer journey and omnichannel sales, in addition to investments in inspirational stores. We are pleased with the implementation of operational initiatives and projects, a prime example being the successful launch of a new central warehouse in Sweden. Furthermore, we successfully completed the implementation of a new Point of Sale (POS) system and a common Enterprise Resource Planning (ERP) system across the Group. These and other completed initiatives are important building blocks for future growth and development.

Looking into 2024, we will continue to invest and strengthen our market position and drive growth initiatives, expand our current store portfolio, and continue to develop omnichannel functionality.

A big 'thank you' to all Kid Interior and Hemtex employees for all your efforts and dedication in 2023, and of course to our customers, suppliers, partners, and shareholders for supporting us.

Yours sincerely,

Anders Fjeld
CEO, Kid ASA

*A wide and
inspiring assortment
of textiles, interiors and
furniture at good
prices*



*Purchased goods and services, fuel and energy related activities, and upstream transportation and distribution

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 holds a bachelor's degree from BI Norwegian Business School. He is a Norwegian citizen and resides in Norway.



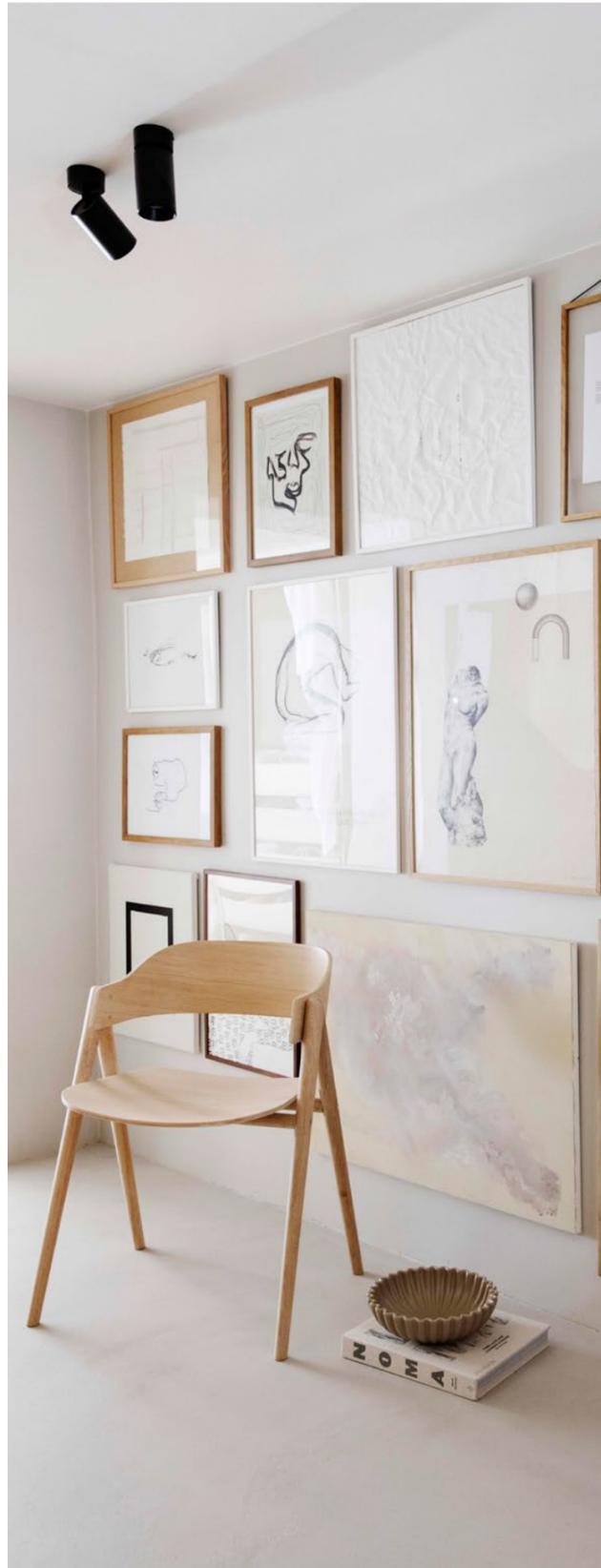
Anders Lorentzson
(MD Hemtex)

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. He is a Swedish citizen and resides in Sweden.



Mads Kigen
(CFO)

Kigen has been the Chief Financial Officer at Kid since July 2023. He has been with Kid since 2021, initially as a Senior Business Development Manager, responsible for establishing the new central warehouse in Sweden opening H1-23. Prior to joining Kid ASA, he spent more than six years as a consultant at PwC in different line of services, in addition to experience from the pharmaceuticals industry. Kigen holds a master's degree from Copenhagen Business School (CBS). He is a Norwegian citizen and resides in Norway.



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 Practice 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:

- Concept development and category expansion to ensure like-for-like sales growth
- Inspirational stores through continuous upgrading the store portfolio
- Optimization of store portfolio
- Digital footprint and e-commerce

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 3.00 per share in May 2023. The board of directors were also given the authority to approve and distribute a half-year dividend considering the third quarter results in 2023. A half-year dividend of NOK 2.75 was distributed in November 2023. A dividend of NOK 3.50 has been proposed by the Board for 2023 year end. The dividend is subject to approval at the annual general meeting in May 2024.

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 2024, but in no event later than 30 June 2024.

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.

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. The policy is to facilitate shareholder participation through video conference at the general meetings.

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, chairman of the nomination committee 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 Geir Moe.

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 six 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.

50 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 three board members.

Participation, both at the Board- as well as the Audit Committee meetings, has been 97% in 2023.

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.

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 and a MNOK 25 cross currency 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 as well as the sustainability report 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 2023 is disclosed in the notes to the consolidated accounts as well as the Remuneration report for 2023.

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.

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 and General Meeting have approved an incentive program for executive management which aims to align the financial interests of Kid's senior management and its shareholders. The incentive program is based on EBITDA target achievement with a capped maximum level. The program includes no share options or rights, but a portion of the incentive program is paid out over a period of three years and is dependent on the share price development.

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

13. INFORMATION AND COMMUNICATIONS

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

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

All information 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 CEO 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

Petter Schouw-Hansen

Chairman
Appointed: May 2019,
re-elected May 2023



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 and Bergans Fritid 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,
re-elected May 2023



Rune Marsdal (1971) is currently CFO and member of the board of directors of Gjelsten Holding AS. 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 Bergans Fritid AS. Marsdal has previously served on the board of directors of Kid Interiør 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. Marsdal is a Norwegian citizen and resides in Norway.

Gyrid Skalleberg Ingerø

Board Member
Appointed: May 2020
Re-elected May 2022



Gyrid Skalleberg Ingerø (1967) is currently self-employed with a focus on board work and investments. She is currently deputy chair of the board at Telenor ASA, and board member at Höegh Autoliners ASA, Gjensidige ASA, Kongsberg Digital ASA and Itera ASA. In addition, she follows up individual investments in smaller limited companies. Ingerø has extensive management experience in finance, auditing, turnarounds and financial advice at CXO level after more than 30 years' work with various listed and PE-related companies. Until recently, she was EVP & Group CFO at Kongsberg Gruppen ASA, a leading global technology company with operations in 40 countries. Ingerø has varied board experience from listed companies over the past 20 years, banking experience from Nordea, and has served as CFO / Investor Relations at Komplett Group ASA, SVP & CFO at Telenor Norway, and SVP & CFO at Telenor Digital Businesses, as well as many years at KPMG. She is a Norwegian citizen and resides in Norway.

Liv Berstad

Board Member
Appointed: May 2020
re-elected: May 2022



Liv Berstad (1961) is currently the Retail and Store Portfolio Manager for the clothing company KappAhl in Sweden, Norway, Finland, Poland and UK. Berstad has extensive experience from the aviation industry and 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 the last twenty years for companies both in Norway and Scandinavia. She is a Norwegian citizen and resides in Norway.

Karin Bing Orgland

Board Member
Appointed: August 2015,
re-elected May 2023



Karin Bing Orgland (1959) is currently a professional board member in various companies including Chairman of the BOD of Entur AS, Board member and chairing the Audit Committee in NRC Group ASA, Chairman of the Board of Røisheim Hotell AS and Boardmember of Røisheim Eiendom AS, Deputy Board member of SpareBank1 Lom og Skjåk. She has extensive experience from various management and board positions within the DNB Group between 1985 and 2013. Bing Orgland residents in Oslo, Norway and holds a Master of Business and Economics degree from the Norwegian school of Economics.

Espen Gundersen

Board Member
Appointed: May 2022



Espen Gundersen was born in 1964 and is a Norwegian citizen. He has had several positions within Tomra Systems ASA in the period 1999 to 2022, including CFO from 2003 and deputy CEO from 2009. Prior to joining Tomra, he served as VP Business Development of Selmer ASA for five years. He started his career with Arthur Andersen in 1989. He holds an MBA from the Norwegian School of Management in Oslo and a CPA from the Norwegian School of Economics and Business Administration in Bergen.

Espen Gundersen is also chairman of the board in Hexagon Purus ASA (including head of the compensation committee), board member in Scatec ASA and Kitron ASA (including head of audit committee).



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, Kid Eiendom AS and Kid International Logistic AB, together defined as "the Group", "the Company" or "Kid".

The business activity of the Company is mainly purchase and sale of interior textiles and furniture 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 157 directly owned stores across Norway. Hemtex is the leading specialist home textile retailer in Sweden, with 105 directly owned stores and 11 franchise stores across Sweden. Hemtex also has a presence in Finland and Estonia, with 7 directly owned stores in both countries. 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 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

In 2023, the Kid Group demonstrated resilience in a challenging sentiment in the market for consumer goods. We achieved a positive revenue growth of 7.4%, building upon our strong performance in 2022. Category development and expansion continued to fuel growth, where the Extended concept is a major initiative which encompass new categories such as furniture and beds. During the year, several other operational improvements were also implemented, including the opening of a new warehouse in Sweden and implementation of a common Point of Sale (POS) system and Enterprise Resource Planning (ERP) system across the Group. Also, Hemtex celebrated its 50th anniversary, marking a significant milestone in our journey.

We are committed to enhancing our online platform, providing customers with a seamless omnichannel experience by bridging inspirational physical stores with our digital sales channels. In 2023, we introduced a new made-to-measure module in our physical stores, allowing us to sell technical sun screening products which contributed to robust growth. We also started hosting live-shopping events in collaboration with influencers with promising results. Online growth² in 2023 was 17.6% and accounted for 12.2% of revenues.

Our physical store network plays a crucial role in our growth strategy, and there has been significant activity in our store portfolio across all markets during the year. In 2023, we opened net two new stores, relocated 13 stores and refurbished/expanded 12 stores. In addition, four existing stores were significantly expanded in store size in order to offer the new full range of the Extended assortment.

The Extended concept was launched in Norway at the end of 2022 as a pilot initiative. The concept includes both an extension of current categories as well as new categories (e.g. European manufactured beds and sofas). The Extended concept has proven to be profitable, both online and in our physical stores. The pilot phase proved successful, and we have therefore decided to increase the number of Extended stores and to launch the concept in Sweden during 2024.

The global freight markets were challenging in 2022 and higher overseas freight costs were not fully reflected in our pricing calculation model, which resulted in a temporary gross margin drop. Necessary actions were taken, and the gross margin was back on historical levels in 2023.

FINANCIAL RESULTS

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

Income statement for the group

Revenues for 2023 were MNOK 3 414.0 (MNOK 3 178.0). The like-for-like sales growth¹ was 6.1% and 4.4% for Kid Interiør and Hemtex, respectively. Online sales² grew by 17.6% in 2023, accounting for 12.2% of total revenues.

Gross margin was 61.5% (58.1%) for 2023. Other operating expenses including IFRS16 and employee benefit expenses, ended at 35.7% of revenues stable from 35.7% in 2022. Operating profit (EBIT) increased from prior year to MNOK 480.4 (MNOK 369.2).

Net financial expenses amounted to MNOK 76.6 (MNOK 47.5).

Net income for 2023 was MNOK 313.8 (MNOK 249.2).

Balance sheet for the group

Total assets were MNOK 3 948.6, an increase of MNOK 462.7 from 2023. Total non current assets increased by MNOK 407.6 due to investments in stores and new online platform, the new warehouse in Sweden and new/negotiated rental contracts. Inventories amounted to MNOK 576.3 at the end of the year, a decrease of MNOK 92.5 as a result of strong revenue development across all markets and channels. Total receivables were MNOK 105.0, a decrease of MNOK 1.8 from 2022, mainly driven by decreased value of derivative financial instruments offset by an increase in trade receivables.

Net interest-bearing debt was MNOK 1 381.5 of which MNOK 1 084.9 is related to financial leases as defined by IFRS 16. Net interest-bearing debt excluding financial leases was MNOK 296.6 (MNOK 475.9). Long-term interest-bearing debt excluding leases was MNOK 491.7 (MNOK 521.6) at the end of 2023, short-term interest-bearing debt was MNOK 30.0 (MNOK 30.0), and cash and bank deposits were MNOK 225.1 (MNOK 75.7). The Group has an additional overdraft facility of MNOK 247, a revolving credit facility of MNOK 230 and a new term loan of MNOK 125, of which MNOK 0 was drawn at year end.

The equity ratio at the end of the year was 33.3% compared to 36.5% in 2022.

Cash flow for the group

All time high cash flow from operations of MNOK 961.4 (MNOK 547.8). The inventory level decreased by MNOK 111.5 (MNOK -29.2) due to strong performance in all markets. Other significant changes from 2022 included increased trade creditors and strong results.

Cash flow from investments was MNOK -181.5 (MNOK -143.1). The investment level in 2023 reflects opening, relocation, and refurbishment of stores including new Extended stores as well as investments in the new warehouse in Sweden and our IT platform.

Cash flow from financing was MNOK -639.7 (MNOK -569.1), negatively affected by dividend payments of MNOK -233.7 (MNOK -264.2) and lease payments of MNOK -296.3 (MNOK -263.4). During the year, the revolving credit facility has been drawn and subsequently repaid, and we have repaid MNOK 30 of the long-term loan.

Net change in cash and cash equivalents was MNOK 140.3 (MNOK -164.3), mainly driven by increased profit, decreased inventory levels, investments and dividend payments. The Board of Directors finds that the Group had a solid liquidity position as of 31. December 2023.

ANNUAL RESULT ALLOCATION

Earnings per share was NOK 7.72 in 2023. The Board of Directors proposes a dividend of NOK 3.50 per share to be paid in May 2024. Including the prepayment of NOK 2.75 per share paid in November 2023, the total dividend of NOK 6.25 represents 81% of Group net income for 2023.

KID ASA 2023 profit is suggested distributed as follows:

Dividend pay-out	MNOK	142.3
Dividend prepayment	MNOK	111.8
Transferred to other equity	MNOK	10.5
Total allocated	MNOK	264.5

GOING CONCERN

The financial statement has been prepared in accordance with IFRS standards as adopted by the EU and under the going concern assumption. The Board of Directors has made appropriate enquiries and formed a judgement at the time of approving the financial statements that there is a reasonable expectation that Kid ASA 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 2023, the equity ratio was 33.3%. The Board of Directors believes the equity and liquidity are sufficient, given the Company's operational commitments, future plans and achieved results.

CORPORATE GOVERNANCE, ORGANISATION, WORKING CONDITIONS AND ENVIRONMENT

The Group had a total of 2 201 employees, which corresponded to 1 004 full-time equivalents at the end of 2023. The parent company had no employees.

The Group keeps records of total absence due to sickness, in accordance with laws and regulations. Total sick leave was 4.1% in 2023 (7.1% in 2022). 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.

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. Like-for-like is calculated in constant currency.

² Calculated in constant currency

Kid ASA has a Directors and Officers liability insurance with AIG Europe S.A. covering pure financial loss claims against the Board of Directors and Executive Management as a consequence of compensatory acts and/or omissions in their respective duties, with an adequate insurance limit.

For information on remuneration, please refer to Remuneration report 2023 as approved by the Board of Directors. The Remuneration report will be presented for the Annual General Meeting in 2024, and published as part of the appendices to the Notice of Annual General Meeting at investor.kid.no

For information on corporate governance policies, please refer to separate section in the annual report.

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 the retail division where more than 97% of in-store employees are women. At the warehouse, the gender equality balance has shifted from traditional patterns previous years, and per year-end 2023 approximately 39% of the employees in the warehouse were women. By year-end 2023, approximately 74% of employees at the head office are women and the executive management team consists of three men. The Board of Directors of the parent company consists of three women and three 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

Kid believes that environmental and financial performance 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. 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.

Kid ASA is subject to annual corporate social responsibility reporting requirements pursuant to section 3-3c of the Norwegian Accounting Act. The reporting is covered by the section in the annual report covering ESG.

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 for approximately 100% of goods sourced.

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% of USD and EUR currency goods purchases for 9-11 months forward.

Credit and liquidity risk

Kid has limited exposure to credit risk. The clear majority of revenue transactions are settled in cash or by debit card. Trade receivables relate mainly to the B2B customers and franchise stores which are still a relatively small part of total revenues and historically involve limited losses.

Projected cash flow is updated regularly, and the Group has sufficient cash and credit facilities available.

Interest rate risk

Kid has a floating interest rate for MNOK 521.7 of outstanding long-term debt. Of this amount, MNOK 395 have been hedged through an interest rate swap agreement at a fixed interest rate of 1.876% maturing August 2029 and MSEK 25 has been hedged through a cross-currency interest swap agreement securing a fixed interest rate of 1.460% and the exposure to SEK maturing November 2024.

Climate risk

In the short-term aspect of climate change, Kid has limited net climate-related risk exposure. However, during 2023 we have performed a climate scenario analysis and see potential financial impacts on medium and long term related to transitional and physical climate-related risks. Please refer to page 52 for more information.

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 2024

Kid Group's combination of unique and continuously renewed assortment, inspirational stores and e-commerce platform, friendly and knowledgeable customer service, and a responsible brand makes customers return to Kid Interior and Hemtex as their preferred home textile and furnishing retailer.

Kid Group will continue to optimise, refurbish and grow the store portfolio according to the new and larger standard store of 600 square meters. Expansion of store square meters in a large portion of the stores, especially for Hemtex, remains a high priority as this enables the stores to offer our full assortment.

The Extended pilot phase in Norway has proved successful, and we have decided to increase the number of Extended stores (1,200+ sqm.) from current five pilot stores to a total of ten stores in Norway, and to open three new Extended stores in Sweden. In terms of timing, the openings of these stores will depend on external rental opportunities. Additionally, we will launch the Extended assortment online and in selected larger stores (+600 sqm.) within Hemtex during Q1 2024. Also, made-to-measure technical sun screening will be launched in Hemtex, both in physical stores and online, during Q2 2024.

Kid has initiated an expansion of the warehouse facility in Borås (Sweden) for the purpose of establishing a joint central warehouse for all markets with capacity for future growth. The decision is based on assessment of the most efficient logistics solution for the Group and takes into account the limited capacity in the current Norwegian warehouse facility. The construction of the warehouse is progressing as planned and we expect to be fully operative during 2025. As a result of this, the warehouse operations in Norway are expected to be discontinued during 2025.

We remain optimistic regarding our market position and growth initiatives going forward. However, we expect continued high cost inflation in 2024.

The Board of Directors remains confident in Kid's solid financial situation and liquidity.

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

- A continued, strong financial performance driven by like-for-like growth of 4-5% in a normalised market, stable gross margins in line with the past 10 years, and operating expenses relative to sales at current levels.
- An optimized store portfolio of approximately 320 fully owned stores. Capital expenditures related to maintenance is expected at a normalised level of up to MNOK 125, with an additional MNOK 3.0 per new normal store opening (~600 sqm) and MNOK 6 per Extended store.
- To maintain moderate leverage and an efficient balance sheet.
- A target dividend pay-out ratio of 80-100% of adjusted net profit with semi-annual payments. The distribution policy is dynamic, and any excess capital will be returned to shareholders.
- Gearing ratio (excluding IFRS 16) below 1.25 at year-end.

Lier, 16 April 2024

The board of directors, KID ASA


Petter Schouw-Hansen
Chairman


Rune Marsdal
Board member


Liv Berstad
Board member


Gyrid Skalleberg Ingerø
Board member


Karin Bing Orkland
Board member


Espen Gundersen
Board member


Anders Fjeld
Chief Executive Officer

SUSTAINABILITY STATEMENT

Highlights of 2023

CONTINUED COMMITMENT TO SUSTAINABLE MATERIALS. RECEIVED SCOPE CERTIFICATES FOR THE TEXTILE EXCHANGE STANDARDS GRS, RCS, RDS, RWS AND OCS.

NET-ZERO SCIENCE BASED TARGET VALIDATED.

REGIONAL WINNER IN PWC'S CLIMATE INDEX 2023. KID INTERIOR IS THE ONLY ONE, OUT OF THE LARGEST 50 COMPANIES IN THE SOUTHEAST OF NORWAY, THAT REDUCE GHG EMISSIONS IN LINE WITH THE PARIS AGREEMENT.

VISITED MORE THAN 20 FACTORIES.

COMPLETED A SCENARIO ANALYSIS ABOUT HOW CLIMATE CHANGE AFFECTS THE KID GROUP'S FINANCE AND OPERATIONS.

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ABOUT THIS SUSTAINABILITY REPORT

This Sustainability statement has been prepared on a consolidated basis as the financial statement, covering all activities undertaken from January 1st 2023 to December 31st 2023. In addition this report is based on the European Sustainability Reporting Standards (ESRS), transitioning away from the GRI standard. For quantitative performance, if the results need to be tracked continuously, we have used data for the last 3 years.

The report covers all activities in the Kid Group and the whole upstream and downstream value chain has been taken into account when assessing material topics.

No information has been omitted due to intellectual property, know-how or innovation.

This report follows the time horizons as defined in ESRS 1, section 6.4.

- Short term = 1 year (2024)*
- Medium term = 2025-2030. For the current assessment, this translates to 2 -7 years**
- Long term = 2031-2045. For the current assessment, this translates to 8-22 years**

Aligns with ESRS (mandatory requirement), **Aligns with Kid's strategic planning horizon, differs from ESRS (optional guidance)

ACT WITH THE HEART

The Kid Group’s mission is to make good quality home textiles and interior made affordable for everyone through a responsible and sustainable value chain, via more than 280 physical and online stores. All sustainability actions throughout the Group’s value chain are defined as a part of “Act with the Heart”. We shall have a resource efficient and ethical value chain, deliver safe products to our customers, be open and honest about our progress, and of course we must take care of the environment. The actions we take must address a material topic and do good, without causing negative impact in another area. Over and above a genuine desire to promote a more sustainable and responsible assortment, the

Kid Group considers sustainability to be a business advantage. In this sustainability report we disclose how we progress from good intentions to good solutions.

Through “Act with the Heart” the Kid Group seeks to create and gain trust, taking real responsibility and to deliver on the UN Sustainable Development Goals and the EU’s more recent Green Deal. All through making it easy for customers to make the right choice. For us, Act with the Heart means making responsible choices for tomorrow. The set up of Act with the Heart is shown in the figure.



ESG CONTEXT IN THE VALUE CHAIN

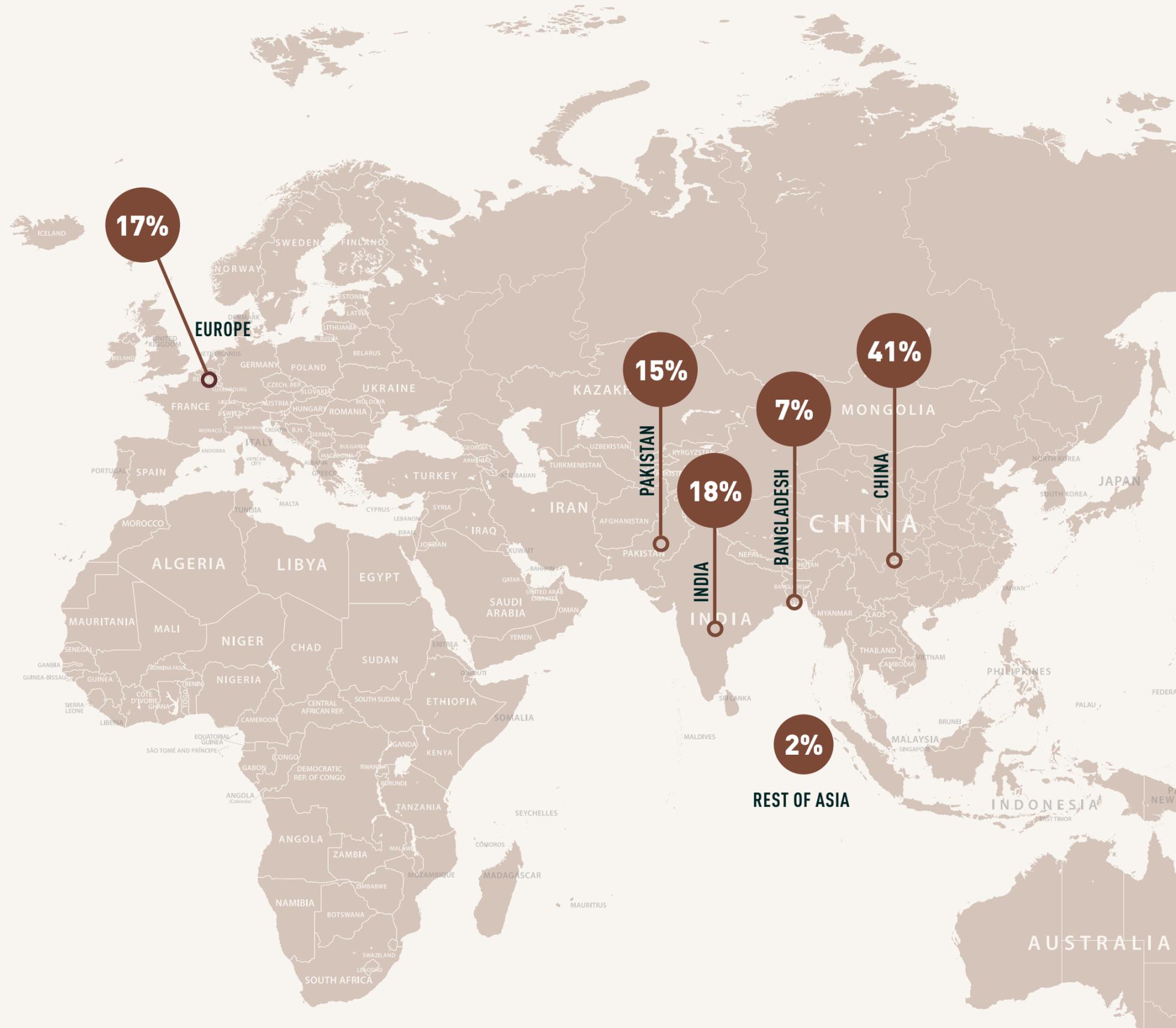
The Kid Group has direct impact on its own downstream value chain, with own warehouses and stores as well as direct communications with its customers. In the upstream value chain, the group does not own any factories or production. The Kid Group emphasizes the importance of close collaboration with suppliers to support their sustainability efforts, given its reliance on external factories. Through regular communication, including emails, online- and in-person meetings, the Group fosters transparent and honest relationships. Visits to suppliers

and factories are essential for understanding operational risks and opportunities.

The manufacturing chain faces significant challenges, including human rights, working conditions, resource use, greenhouse gas emissions and chemical management. Suppliers agree to adhere to the Kid Group’s Code of Conduct, ensuring compliance with product policies, chemical limitations, and quality standards, all aimed at minimizing negative environmental and social impacts. This compliance is regularly monitored and assessed.

KID GROUP SOURCING MARKETS IN 2023, BASED ON VALUE

In 2023 the company had 249 suppliers* in 22 different countries: Bangladesh (6), Belgium (1), Bulgaria (1), China (108), Denmark (12), Estonia(4), Germany (3), Hungary (2), India (33), Indonesia (1), Lithuania (6), Nepal (1), Netherlands (2), Norway (16), Pakistan (16), Poland (2), Portugal (2), Sweden (14), Taiwan (4), Turkey (11), United Kingdom (1) Vietnam (3).



*with suppliers we are referring to the company issuing invoice to the Kid Group. One supplier can have several factories. In 2023 and onwards the Group has started to map the number of producers / factories per supplier.

ESG ORGANIZATION

Members of the corporate bodies are presented at investor.kid.no. There are no incentive schemes or remuneration related to sustainability performance in the Group.

Board of Directors

The Board of Directors are responsible for overseeing the Group's policy for responsible business conduct which governs the Groups strategy on respect for people, society and the environment. The Board of Directors receive an annual update from the Head of Sustainability on status on KPI's, material topics as well as updated risk and opportunities assessment. Any significant change in material risk is reported when it occurs.

Audit Committee

The Audit committee follow up due diligence and risk management. The Group's sustainability matters, which includes ESG topics, is evaluated by the Groups audit committee on a regular basis. This ensures that the Group has an overview of its risks, takes responsibility for reporting any significant changes in the risk profile, and follows up to make sure that risk management work is carried out in a coordinated and efficient manner within each business area.

Sustainability Team

The Kid Group strives to maintain a comprehensive understanding of its ESG impacts and is continuously working on strengthening it's understanding of ESG risks and opportunities, as well as new business opportunities. This involves a strategic effort by the sustainability department to systematically identify, assess, evaluate, and handle risks and prospects related to sustainability. Through KPI's implemented by the sustainability team the company follows up on its commitments.

The Group's Head of Sustainability and sustainability team has responsibility for managing Kid ASA's sustainability work. The work is founded in Act with the Heart. The team has the responsibility of developing all aspects of the ESG work including risk and opportunities, as well as securing processes and policies to manage and follow up the implementation and development of KPI's for sustainability matter for the Group, according to the materiality assessment. The team is also in charge of stakeholder communication, sustainability reporting and external ESG assessments. The team consists of three members, but also has access to collaboration with sustainability consulting firm as well as different industry organizations working on sustainability.

Management Team

The Head of Sustainability address ESG topics on a regular basis and ensure that ESG topics are considered when strategies and operations are discussed. ESG topics include changes in the sustainability risks, actions, targets, or new developments. The management team follows up on the implementation of necessary actions to deliver on the Groups ESG goals in the different departments, as well as discuss ESG matters concerning their department. The management team consists of ten members, all department managers in the Group.

ACCESS TO RELEVANT ESG COMPETENCE

Material topic	Internal competence	External competence	Comment
Climate Change	Sustainability department	Sustainability consultant	
Biodiversity	Sustainability department	Sustainability consultant	The group has low internal competence on biodiversity and relies entirely and external competence. See page 50 about biodiversity for more details
Own Workforce	Local HR departments	Industry organizations	Members of Virke and Swedish Commerce
Workers in the value chain	Sustainability department	Consultancy firm Industry organizations	The group collaborates with external firm on conditions in the value chain, as well as performing its own visits and follow ups.
Consumers and end users	Local operations departments, Marketing department and sustainability department	Industry organizations	Members of Virke and Swedish Commerce
Business conduct	Management team and sustainability department	Industry organizations	Members of Virke and Swedish Commerce
Circular economy	Sustainability department and Purchasing Department	Industry organizations	

MATERIAL ISSUES ADDRESSED DURING THE REPORTING PERIOD:

Topic	Risk	Impact	Opportunity	Addressed by
Biodiversity	Not evaluated	Not evaluated	Not evaluated	Sustainability department
Water usage in the production processes	Not evaluated	Not evaluated	Not evaluated	Sustainability department

SUSTAINABILITY DUE DILIGENCE

Kid ASA employs a proactive due diligence approach within its sustainability governance framework, incorporating a comprehensive risk management system aimed at identifying and mitigating risks related to its products and operations. This entails conducting supplier screenings, risk assessments, and continuous monitoring of sustainability key performance indicators, as well as engaging stakeholders for feedback and improvement opportunities.

The main goal is to avert risks and incidents that could affect business trust and ensure sustainable development. In case of incidents, the Group has prepared contingency plans. The risk management process involves annual risk identification, analysis, and monitoring, with continuous assessments for significant

operational changes, projects, and investments, integrating these efforts into the company's sustainability and business strategies. Outcomes of these activities inform the materiality assessment, which prioritizes ESG topics by their impact and relevance to ensure meaningful sustainable development.

STAKEHOLDER ENGAGEMENT

The Kid Group engages with a wide variety of stakeholders throughout a year. The most affected stakeholders in a more frequent matter via ongoing dialogue, and others within a more systematic timeframe through interviews or monitoring. The Group categorizes its stakeholder groups into six – customers, suppliers, NGOs, banks, shareholders/investors and Board of Directors. The most recent interviews were done during November 2022.



STAKEHOLDER DIALOGUE

The Kid Group operates in a way that aligns with its aspiration of partnering with various entities and programs to collectively tackle and impact significant obstacles within the industry. In 2022 the Kid Group conducted an updated stakeholder dialogue with help from Position Green Advisory, a consultant agency specialized within sustainability, to update the materiality assessment. The systematic material assessment is done every second year, but we have a continuous dialogue with our suppliers, NGO's, employees and customers through factory visits, participation at various industry forums as well as customer feedback. The stakeholders that are deemed to have the greatest impact on, and are most affected by, the company's business are as follows:

Customers

Kid Group's store staff and customer service are the most often-used channels of communication with customers, while other channels, such as Instagram and Facebook are becoming increasingly important. The Kid Group customer club has over 3 million members and is important for creating a stronger relationship with customers. Our customers are interested in and concerned about product safety, workers' rights and climate gas emissions and we continuously monitor customer feedback. In the 2022 stakeholder dialogue we selected one B2B customer in Norway.

Suppliers

The Kid Group pursues long-term and transparent relationships with suppliers. There is a well-developed system in place to monitor social, environmental, and quality aspects. The forum for dialogue is mainly through central and local supplier meetings, supplier visits and regular business contact. The Kid Group and its suppliers also participate together in initiatives focused on sustainability issues. Key issues for the suppliers mainly include responsible purchasing and social responsibility.

Employees and potential employees

The Kid Group's ability to attract, recruit, develop and retain the right employees is crucial for the company's progress. The Kid Group wants to offer employees opportunities for development and a motivating, safe and healthy workplace environment. Employee surveys are conducted regularly to capture issues that are important for the employees. These primarily involve the working environment, the physical workplace, and the local and companywide leadership.

Owners and the financial market

The Kid Group's overall goal is long-term value creation for its shareholders by focusing on profitability, strategic sustainability work and responsible behavior in all situations. Information is provided to shareholders primarily via quarterly reports and presentations, the annual report, and the General Assembly.

Local communities

The Kid Group does not own any factories. Instead, we work with suppliers, primarily in Asia, to manufacture the products sold in the stores and online. By continuous dialogue and placing expectations and requirements on suppliers, the Kid Group ensures that their employees have reasonable salaries and employment terms, which contributes to the development of the local community. The most important issues are related to the development of the local community, reasonable wages and working conditions, and local jobs.

Industry Associations, Academia & Science, Government Agencies and Other Stakeholders

The Kid Group participates continuously in various forums for dialogue with trade associations, government agencies, student associations and other interest organizations. Networking, workshops, lectures, and direct dialogue are common ways to communicate with these important stakeholders. The issues that are of greatest interest in these contexts are primarily responsible purchasing, human rights, health and safety and climate impac

MATERIALITY ASSESSMENT

The Group finalized its first double materiality assessment for 2022, and the assessment has been updated for 2023. The assessment was conducted with the help from an ESG-consultant and covers the scope of the entire Kid Group and its value chain. The materiality assessment is built on a thorough benchmark analysis, a conducted stakeholder dialogue through interviews, as well as internal workshops with representatives from several departments from the Group. All ESG-topics are related to the production and sales of goods; hence the financial materiality is on a group level, not split specifically on any subsidiary level. The difference from 2022 to 2023 year's reporting is that the Kid group is transitioning away from the GRI standard to the European Sustainability Reporting Standards (ESRS). A new

double materiality assessment is planned for mid-2024, to make sure it is updated according to the new ESRS requirements which are legally applicable for the Kid Group in the 2024 reporting period.

In the Materiality Assessment table for 2023, we have identified and described the most material topics. Topics in ESRS that are not presented in the table is considered to not be highly material, however that doesn't mean that no work at all is being done around pollution, water and marine resources and other various sub-topics.

[The process chart is showing the development and selection of the material topics disclosed in this report.]

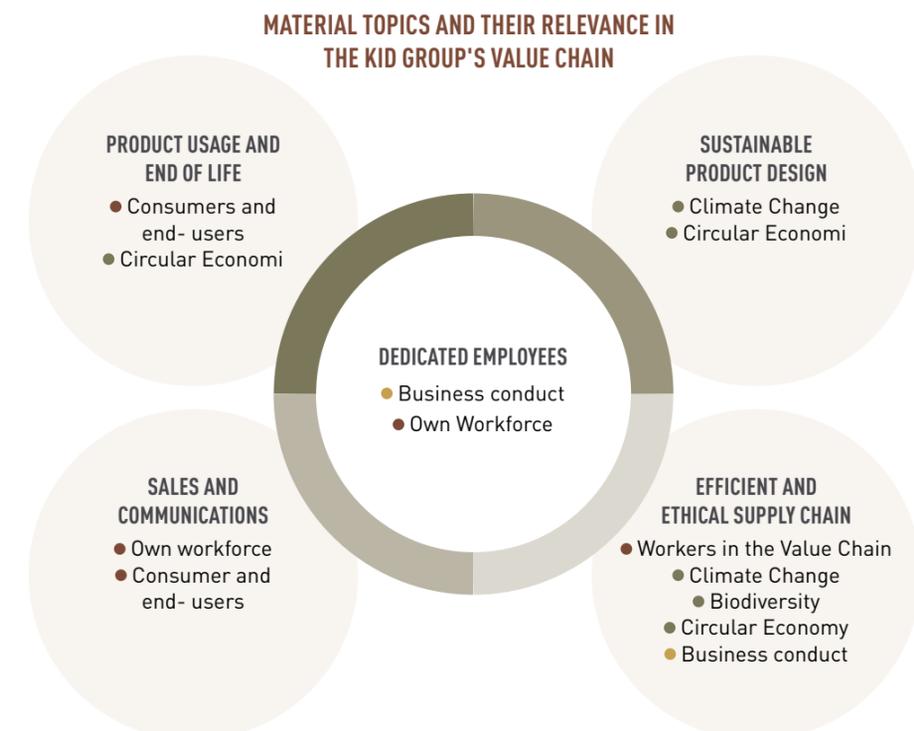




Long-list of considered ESG-topics during the recent Materiality Assessment (before the publication of ESRS, related to point 4 in the process chart)

ENVIRONMENT	Impact/Financial on Environment	SOCIAL	Impact/Financial on Social	GOVERNANCE	Impact/Financial on Governance
GHG Emissions	Very High	Labour conditions (suppliers)	Very High + Financial	Supply chain management	Very High
Supplier Environmental Impact	Very High	Human Rights	Very High	Data Privacy & Security	Very High
Water Use	High	Health and Safety	Very High	Transparency	High
Water Pollution	High	Sustainability Competence	Medium	Responsible Marketing	Medium
Localised Environmental Impacts	High	Labour Conditions (Own Operations)	Very High + Financial	Animal Welfare	Medium
Energy Use	Medium + Financial	Employee Wellbeing	Medium-low	Business Ethics (Whistleblowing)	High
Hazardous Chemical Use (Manufacturing)	High	Training & Development	Medium	ESG Governance	Medium
Biodiversity	High	Equal Opportunities (Own Operations)	High	Anti-corruption	High
Sustainable Product Design	Very High	Diversity (Own Operations)	Medium	Ethical Business Practices	Very High
Plastics Use	High	Consumer Health Impacts	Medium		
Raw Material Sourcing	Medium + Financial				
Circularity	Very High				
Packaging	Medium				
Microfibres & Plastic Fragments	High				
Chemical use (products)	High				
Waste generation	High				

ESG-Section Material ESG Topics 2023, (Refers to point 5 in the process chart)	Material topics identified in 2022	Topics transitioned into ESRS - 2023	Sub- & sub-sub topics selected from ESRS
● ENVIRONMENT	GHG Emissions	Climate Change	- Climate Adaption - Climate Mitigation - Energy
	Energy Use		
	Raw Material Sourcing	Biodiversity	- Water - Land - Pollution
	Supplier Environmental Impacts		
	Sustainable Product Design	Circular Economy	- Use of resources - Waste
Circularity			
● SOCIAL	Labour Conditions (Own Operations)	Own Workforce	- Working conditions - Equal treatment and opportunities for all
	Diversity		
	Health And Safety	Workers in the Value Chain	- Working conditions - Equal treatment and opportunities for all - Other work related risks
	Human Rights		
	Labor Conditions (Supply Chain)	Consumers and end- users	- Privacy - Health and safety - Protection of children - Responsible marketing practices
Data Privacy And Security			
● GOVERNANCE	Supply Chain Management	Business conduct	- Corporate Culture - Protection of whistle-blowers - Corruption and bribery
	Ethical business practices		
	ESG Governance		



ENVIRONMENT

The Kid Group’s business model is to sell quality products with an affordable price. By producing goods, we are dependent on natural resources through production of raw materials, and in the following value creating manufacturing processes until the final goods are ready. With a complex value chain and a wide assortment, we have identified several environmental topics relevant to work with.

ENVIRONMENT		
TOPIC	SUB-TOPIC	CONTEXT IN THE VALUE CHAIN
Climat Change	<ul style="list-style-type: none"> Climate Adaption Climate Mitigation Energy 	The Kid Group is dedicated to blending aesthetic appeal with sustainability in product design, focusing on quality and responsible materials to ensure safety and longevity. In parallel, our supply chain management emphasizes reducing environmental and climate impacts, maintaining ethical practices, and ensuring worker welfare, aiming for a harmonious balance between resource efficient operations and responsible sourcing.
Biodiversity	<ul style="list-style-type: none"> Water Land Pollution 	
Circular Economy	<ul style="list-style-type: none"> Use of Resources Waste 	

ACTIONS AND TARGETS – ENVIRONMENT

- Reduce greenhouse gas emissions by at least 50% by 2030, compared to base year 2020. The reduction shall be in alignment with the 1.5-degree target within the Paris Agreement and validated through Science Based Target Initiative.
 - Status 2023: Reduction with 31% compared to base year 2020.
- 50% of the polyester used in the assortment shall be from recycled sources by 2025
 - Status 2023: 27% recycled polyester, equal to 697 ton.
- All wool products to be sourced through the Responsible Wool Standard (RWS) by 2023
 - Status 2023: 0% RWS was received in 2023, but orders containing RWS was placed, and expected in stock early 2024.
- All wood to be FSC certified (or similar) or recycled by 2025.
 - Status 2023: Estimated volume is 60% FSC certified paper and wood. See section “Deforestation Free Supply Chain” for more information.

The outcome from the latest stakeholder dialogue show that most stakeholders considered “Greenhouse gas emissions”, “supplier environmental impacts”, and “sustainable product design” to be highly material to the Group’s work with environmental parameters. These topics are reflected into the ESRS topic standards Climate Change, Biodiversity and Circular Economy, which will be further explained in this section. When talking about environmental impact in the Kid Group, we focus on sustainable product design and an effective and ethical supply chain, with product use and end of life aspects in mind.

PRODUCT DESIGN

Sustainable product design is a crucial approach to creating products that minimize negative environmental impacts and improve social and economic outcomes. Product development involves considering the entire lifecycle of a product, from its design to its end-of-life. Circularity is an important aspect of sustainable product design, as it focuses on creating closed-loop systems where resources are used efficiently and products are repaired, reused, or recycled rather than disposed of. Raw material sourcing also plays a significant role in sustainable product design, with a focus on using environmentally responsible and socially ethical sources.

THE UPSTREAM VALUE CHAIN

The environmental performance of the Group’s suppliers has a significant impact on the Group’s work to tackle negative environmental issues. As a clear example, the majority of our greenhouse gas emissions in scope 3 are related to the production of raw material and products sold in our assortment. The most material environmental aspects of factories producing home textiles and interior products are energy consumption, water usage, chemical usage, waste generation, and supply chain management in general. Suppliers and factories that prioritize these environmental aspects and adopt more efficient and low-impact practices can reduce their environmental impact and enhance their reputation and long-term value for the Kid Group. In the Group’s recently developed greenhouse gas reduction roadmap, described in the climate change section, we will start working more closely with supplier with better energy efficiency and mix.



RESPONSIBLE MATERIAL CHOICES

The Kid Group's approach to raw material sourcing is pivotal, balancing the need for resource availability and cost with the potential environmental and community impacts. Raw material sourcing has an impact on the environment, as it can affect natural resources such as water, forests, and soil health. The environmental impacts of raw material sourcing can include deforestation, habitat destruction, air and water pollution, greenhouse gas emissions, and soil degradation. These impacts can have significant consequences for the ecosystems, wildlife, and local communities that rely on these resources.

We acknowledge the importance of a circular and resource-efficient approach in the use and production of textile fibers and other materials for a sustainable future. Utilizing recycled fibers and materials helps conserve the earth's resources at the raw material production stage and minimizes waste generation. Our goal in using recycled materials is to reduce the consumption of chemicals, water, and energy compared to the production of new, virgin materials. However, it's essential to recognize that recycled materials, including recycled polyester, are not a flawless solution for mitigating climate and environmental impacts. Even when transitioning to recycled sources, challenges such as microplastic pollution and associated social risks persist.

We are focusing our efforts on cotton and polyester due to their significant volume and impact, while also monitoring the "other

materials" category, which includes a diverse range of metals, textiles, woods, plastics, and various other goods.

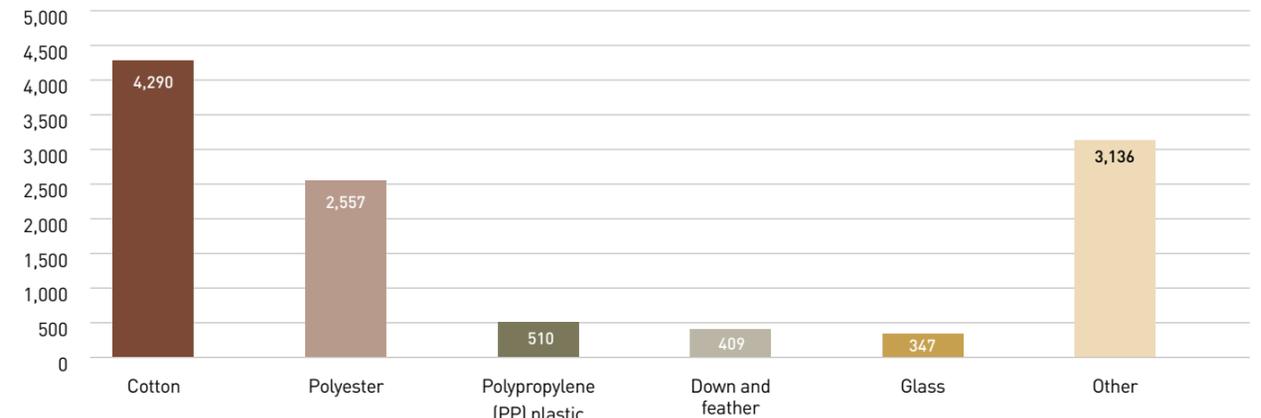
Cotton, known for its softness, durability, and absorbency, constitutes about 40% of the Kid Group's assortment. However, its production poses environmental, social, and financial challenges. To address these, the Kid Group commits to sourcing non-conventional cotton variants like recycled, organic, and Better Cotton, which reduce environmental impacts and enhance farmers' and workers' livelihoods. In 2023, 82% (85%) of the Group's cotton was responsibly sourced, with a goal to reach 100%.

We face challenges in receiving transaction- and verification documents for the preferred cotton standards throughout the supply chain, and the complexity of some products makes it difficult to calculate the correct weight. The Group works according to the precautions principle and does not report on any non-confirmed certified materials, even though we can assume a higher share of preferred cotton than reported.

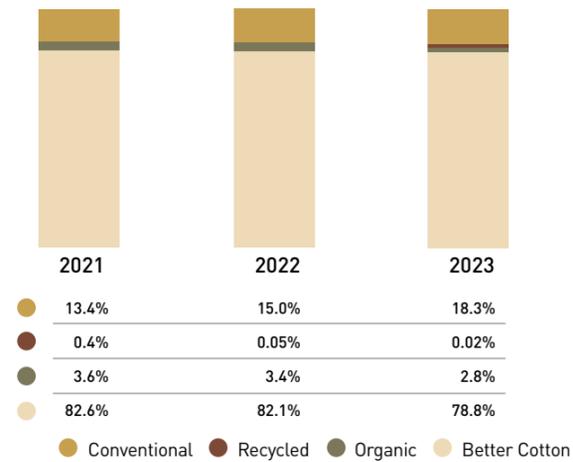
In the "other material" segment, paraffin and stearin are notable contributors since we purchase a large quantity of candles. In 2023 most of our stearin is labeled with The Nordic Swan, with a few exceptions remaining. Additionally, we are in the process of obtaining Responsible Wool Standard (RWS) certification for our wool, with the first certified shipments expected to arrive in early 2024.



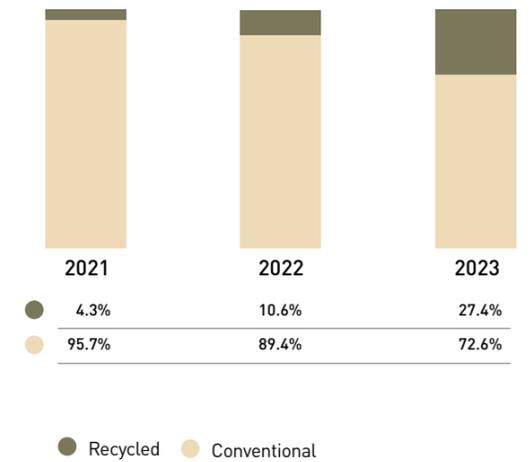
Top five materials (ton)



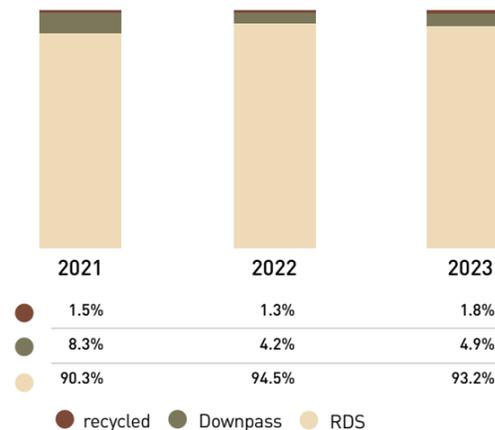
Cotton



Polyester



Down and Feather



Cotton: Due to lack of correct data in the EPR system related to certifications, material compositions and net weight the group struggles to identify and follow up on Better Cotton Claim Unit (BCCU). BCCUs must be transferred from the suppliers in correct volumes. An automated process has been implemented and will be improved in 2024 to secure higher levels of certified cotton.

Polyester: We see a good progress in increasing the share of recycled polyester and are heading towards our target of 50% recycled polyester in 2025.

Polypropylene: As of 2023, 100% has been conventional, virgin polypropylene. However, in late 2023 the orders for spring 2024 of outdoor furniture, the largest category of polypropylene, was placed with recycled materials. We estimate to see a significant increase of recycled polypropylene in 2024.

Down and feather: 100% of the down and feather is traceable and certified with either Responsible Down Standard, Downpass or Global Recycled Standard.

CLIMATE CHANGE

2023 marked the hottest year on record, during which the Kid Group also reached an all-time high revenue. We are proud to see our reduction in greenhouse gas emissions, at the same time as we succeed with growth. The reduction is primarily driven by an increased price per piece and reduced volume of sold purchased. The Group's supply chain relies heavily on a climate conducive to growing materials for textile production and maintaining stable weather conditions for transportation and storage.

Climate change affects us all, and the issue of climate emissions is significant for both our organization and our stakeholders. Throughout the year, this topic has received strong focus, and we have made significant progress in various aspects of our climate action efforts. Notably, our Science Based Targets have been validated, underscoring our commitment to achieving our absolute reduction targets. As part of this effort, we have implemented a reduction roadmap, integrating it into our business development plan.

Furthermore, we have collaborated across various departments to assess the potential financial impacts of climate change. This collaboration has enhanced our understanding of necessary adaptations for the future, allowing us to make informed decisions on effective mitigation strategies.

Additionally, we have adopted a new reporting system, Emission Twin, for all greenhouse gas emission calculations. This new software streamlines our data reporting processes, enabling us to allocate more time to direct climate change reduction initiatives and drive more impactful changes.

As a member of the Swedish Textile Initiative for Climate Action (STICA), we are actively involved in working groups focused on renewable energy and energy efficiency in China and India, two of our key sourcing countries. In 2023, these working groups conducted several webinars for suppliers in these countries to

share knowledge, introduce standards, and support the transition to more energy-efficient production methods and the adoption of renewable energy. The positive feedback from these webinars has encouraged us to continue these dialogues, sharing insights on climate change with our suppliers, both through STICA and on our own.

By continuously emphasizing energy efficiency in our supply chain, increasing the use of preferred materials and processes, and optimizing our infrastructure, we aim to further reduce our climate footprint. Our efforts are aligned with the commitments of the Paris Agreement to limit global warming to 1.5°C.

CLIMATE CHANGE ADAPTION

As of 2023 the Kid Group has not yet made any adaptations in its own operations due to climate change. However, the Group starts to see individual consequences throughout its operations due to extreme weather events. Based on the climate scenario analysis performed in 2023 (explained in coming section *Financial Impact Related to Climate*) the Group has not identified any short-term risks or opportunities that will lead to adaptive measures. In the medium- and long term perspective there are effects of climate change that will lead to need of certain adaptations. Concrete adaption plans and targets are not yet set, but consequences are presented in the table of financial scenarios related to climate change.

PWC'S CLIMATE INDEX

In 2023, Kid Group distinguished itself as the winner of PwC's Climate Index for South/East of Norway, positioning itself as a leader among the top 50 largest companies evaluated for their climate change initiatives. This index assesses the efforts of Norway's largest companies in combating climate change, drawing on publicly available information from 2022. Kid Group stood out as the only company in the regional index to achieve emission reductions in alignment with the Paris Agreement. This success highlights the effectiveness of our climate strategies and the tools we implement to reduce emissions. Additionally, our conscientious selection of processes and materials plays a crucial role in lowering emissions, a testament to our dedicated in-house efforts.

CLIMATE CHANGE MITIGATION

During 2023 the Kid Group got our Science Based Target validated and accepted after a thorough and complex application process. By setting Science Based Targets and creating a greenhouse gas reduction roadmap we are acting on our climate impact and have a clear plan on how to meet our targets. Our direct greenhouse gas emissions from Scope 1 and 2 comes from our company leased cars, and electricity and heating from our stores, offices, and warehouses. Although the share is low compared to the total impact, we still strive to mitigate the emissions. Increased efficiency in energy consumption will create positive effects on our emission reduction, financial performance lowering the electricity demand from the power grid. Kid Group is constantly working on more efficient use of energy, as well as increasing the use of renewable energy. Further actions on how the Group will mitigate its emissions are presented in the coming section about the reduction roadmap.

The Kid Group has no exclusions in the SBTi application, but there are exclusions in the reporting. The Scope 3 reporting covers 97.6% of the total scope 3 emissions from base year.

OVERALL NET-ZERO TARGET

Kid Group commits to reach net-zero greenhouse gas emissions across the value chain by 2045 from a 2020 base year.

NEAR-TERM TARGETS

Kid Group commits to reduce absolute scope 1 and 2 greenhouse gas emissions 50% by 2030 from a 2020 base year.* Kid Group also commits to reduce absolute scope 3 greenhouse gas emissions from purchased goods and services, fuel and energy related activities, and upstream transportation and distribution 50% within the same timeframe.*

LONG-TERM TARGETS

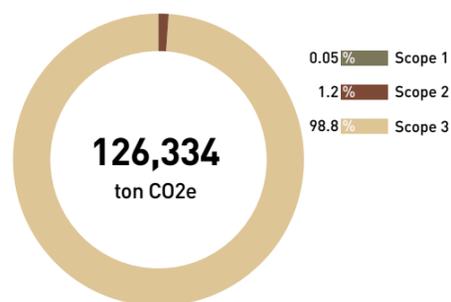
Kid Group commits to reduce absolute scope 1 and 2 greenhouse gas emissions 90% by 2045 from a 2020 base year.* Kid Group also commits to reduce absolute scope 3 greenhouse gas emissions from purchased goods and services, fuel and energy related activities, and upstream transportation and distribution 90% within the same timeframe.*

*The target boundary includes biogenic land-related emissions and removals from bioenergy feedstocks.

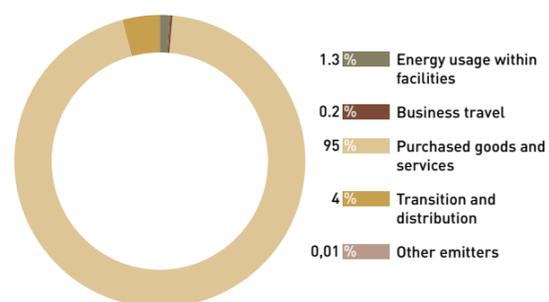


CARBON ACCOUNTING

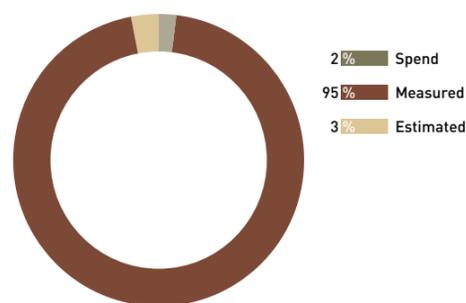
Emission per scope



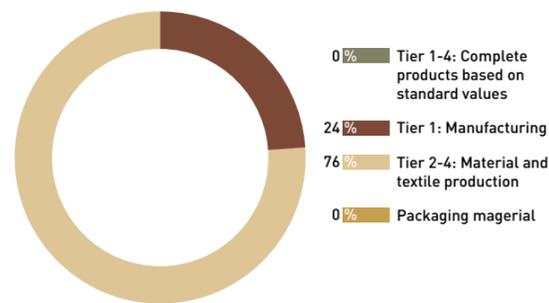
Share of emissions per category



Data quality



Emissions per category for purchased good and services, ton CO2e



EMISSIONS PER CATEGORY [ton CO2e]	Total emissions 2023	Total emissions year 2022	Change 2022-2023	Total emissions baseyear 2020	Change 2020-2023
Energy usage within facilities	1,680	1,340*	25%	4,308	-61%
Business travel	250	224	12%	157	59%
Purchased goods and services	119,944	141,826	-15%	173,794	-31%
Transport and distribution	4,444	3,675	21%	5,281	-16%
Other emitters	15,7	10	59%	10,0	58%
Total	126,334	147,074**	-14%	183,550	-31%

*The emissions from "energy usage within facilities" is recalculated to 1,340 ton CO2e, down from 3,495 ton CO2e in 2022. The calculation is now using actual data for all facilities on common energy provider and an average for the rest, while the previous, incorrect reporting was using average data for all facilities.
 **Total emissions in 2022 has been slightly reduced since last year's reporting. In addition to above revision, we found a reporting mistake in number of delivered pieces in 2022. [it was reported 32.248.107 delivered pieces, which has been corrected to 26.375.359]. This affects the reported emissions in tier 1 in category "Purchased goods and services". The incorrect data was mistakenly extracted from the materials calculation, and not from the ERP system.

Once again, the Kid Group has succeeded in reducing its overall CO2e emissions. The year 2023 began with inflation and uncertainties in our industry, prompting the Group to adjust prices, which led to a strategic reduction in the volume of goods purchased. Overall, the Group reduced its CO2e emissions by 14% compared to 2022 and 31% compared to the base year of 2020 across scopes 1, 2, and 3. This reduction exceeded our expectations as outlined in the Group's reduction roadmap and was primarily due to an unexpected reduction in the need for goods and their raw materials for financial growth.

In the category of "Purchased goods and services" within scope 3, which is the largest contributor to emissions within the Kid Group's value chain, the reduction in the volume of purchased goods resulted in a 15% decrease in CO2e emissions compared to 2022 and a 31% decrease compared to the base year of 2020. The mix of purchased goods and their raw materials also influenced these changes in emissions. Notably, there was a significant increase in the use of recycled polyester, with its share rising to 27% in 2023 from 11% in 2022. This led to an increase in the overall share of recycled materials in our material portfolio to 7% from 2% in 2022.

Between 2020 and 2023, the categorization within tier 1 shifted significantly, with the share of complex products having high tier 1 value decreasing from 70% to about 25%. This move towards simpler products is a key factor in the reduction of tier 1 emissions. Additionally, emissions from tiers 2-4 have dropped by 29%, driven by a decrease in the volume of goods purchased and a transition to materials with lower environmental impact,

such as recycled materials or those with lower emission intensity. This change is partly due to the shift from complex to simpler products, which typically have a lower emission intensity.

Further on, the emission factors. The emission factors for materials in tiers 2-4 have been updated due to changes in the underlying data, notably a change in the database for the Higg Materials Sustainability Index (Higg MSI) emission factors, resulting in +/-10% changes across all materials' emission factors, with an average reduction of 4%. The Higg MSI is a tool developed by the Sustainable Apparel Coalition to measure and score the environmental impact of materials used in the apparel, footwear, and textile industries. For the Kid Group, this means an approximate reduction of 3,000-4,000 tons of CO2e due to the updated factors, which provide more recent and accurate data, thus better representing the actual impact.

Energy consumption in our operations (Scope 2) increased due to the expansion of our stores. Additionally, the emission factor for the residual mix in Norway increased in 2023 compared to 2022 by more than 100g CO2e per kWh. While the square meter area using residual mix is small, it has led to a slight increase in CO2e emissions. The significant reduction in emissions from energy use, compared to the base year of 2020, is primarily because we switched to renewable energy sources. This shift was facilitated by obtaining guarantees of origin for hydroelectric power.

The table on the next page is showing the total greenhouse gas emissions according to the ESRS requirement. For further details about greenhouse gas emissions, see appendix on page 86.

Total emissions per net revenue	2023	2022	2021	Base year 2020
Annual revenue (MNOK)	3,414	3,178	3,097	2,995
Annual ton CO2e	126,334	147,074	167,637	181,236
Ton CO2e/MNOK	37	46	54	61
Reduction since base year	-39%	-24%	-11%	-

Total emissions per piece of goods	2023	2022	2021	Base year 2020
Number of purchased (delivered) goods	22,428,486	26,375,359	27,729,313	21,253,551
Annual ton CO2e	126,334	147,074	167,637	181,236
Ton CO2e/piece	0.00563	0.00558	0.00605	0.00853
Reduction since baseyear	-34%	-35%	-29%	-

GREENHOUSE GAS EMISSIONS ACCORDING TO THE ESRs REQUIREMENT							
	RETROSPECTIVE			MILESTONES AND TARGET YEARS			
	Base Year	Compa-rative	% Change 2023-2022	2025	2030	2045	Annual % target/ base year*
Scope 1 GHG emissions							
Gross Scope 1 GHG emissions (tCO2eq)	55.8	65.0	41%	39.1	14.8	2.8	-13%
Percentage of Scope 1 GHG emissions from regulated emissions trading schemes (%)	-						
Scope 2 GHG emissions							
Gross location-based Scope 2 GHG emissions (tCO2eq)	2,408.2	884	20%			120.4	-13%
Gross market-based Scope 2 GHG emissions (tCO2eq)	3,785.0	1,512	35%	1,235.0	1,354.0	189.3	-13%
Significant scope 3 GHG emissions**							
Total Gross indirect (Scope 3) GHG emissions (tCO2eq)	179,709.8	124,757.0	-14%	158,561.0	99,362.0	9,195.3	-13%
Purchase goods and services	173,794.0	119,944.0	-15%	153,726.0	95,459.0	8,689.7	-13%
Optional sub-category: Cloud computing and data centre services	-						
2 Capital goods	-						
3 Fuel and energy-related Activities (not included in Scope 1 or Scope 2)	418.9	146.0	-27%	509.7	620.2	20.9	-13%
4 Upstream transportation and distribution	5,398.4	4,480.0	21%	4,835.0	3,903.0	269.9	-13%
5 Waste generated in operations	-						
6 Business traveling	98.5	187.0	6%	-	-	4.9	-13%
7 Employee commuting	-						
8 Upstream leased assets	-						
9 Downstream transportation	-						
10 Processing of sold products	-						
11 Use of sold products	-						
12 End-of-life treatment of sold products	-						
13 Downstream leased assets	-						
14 Franchises	-						
15 Investments	-						
Total GHG emissions							
Total GHG emissions (location-based) (tCO2eq)	182,173.8	125,706	-14%			9,318.8	-13%
Total GHG emissions (market-based) (tCO2eq)	183,550.6	126,334	-14%	160,489.0	101,525.0	9,387.6	-13%

*Annual % target/base year is our annual reduction percentage target. This is the percentage by which the Kid Group must reduce its emissions annually to achieve a 95% reduction in emissions by the year 2045.
 **The reported categories are included in our Science Based Targets and accounts for 97.6% of the Group's scope 3 emissions.





REDUCTION ROADMAP

To identify realistic and efficient opportunities and understand how to meet our reduction targets the Kid Group has developed a CO2e reduction roadmap. The actions are based on data from the 2020 (base year) carbon accounting and are set to reduce carbon emissions year by year until 2030. The goal is to mitigate annual emissions from 181,145 ton CO2e in year 2020 to 90,573 ton CO2e in year 2030. If we were to continue with business as usual (BAU) the emissions would increase to 268,139 ton CO2e by 2030. The roadmap considers both actual and potential changes, at the same time as it includes an annual growth of revenue with 4%. As of 2023, we have identified actions to potentially reduce 44% of our emissions by 2030, landing on 101,525 ton. Therefore, we still need to identify further reductions to mitigate the additional 6%, or 10,953-ton CO2e, by 2030.

The actions listed in the reduction plan are continuously being implemented in the supply chain, and the overarching Science Based Target is included in the business development plan from 2023 and onwards. As of 2023, there are no substantial CAPEX and/or OPEX allocations to implement the roadmap/action plan.

In each of the pillar segments there are a number of sub-actions.

Suppliers

The majority of the Group's CO2e emissions stem primarily from our suppliers' production of goods. These emissions are directly associated with the energy intensity and the type of energy sources used in their manufacturing processes. We are working with our suppliers to understand how we may collaborate to become more energy efficient and move towards more sustainable energy sources. As mentioned in the carbon accounting section, the

Group is still calculating with standard average data for energy use in the supply chain. This is due to the complexity, size, and lack of maturity in the upstream supply chain. The plan is to shift into actual energy use data for our most important suppliers in the 2024 year's accounting. Without actual data it is difficult to report real and efficient reductions in the supply chain.

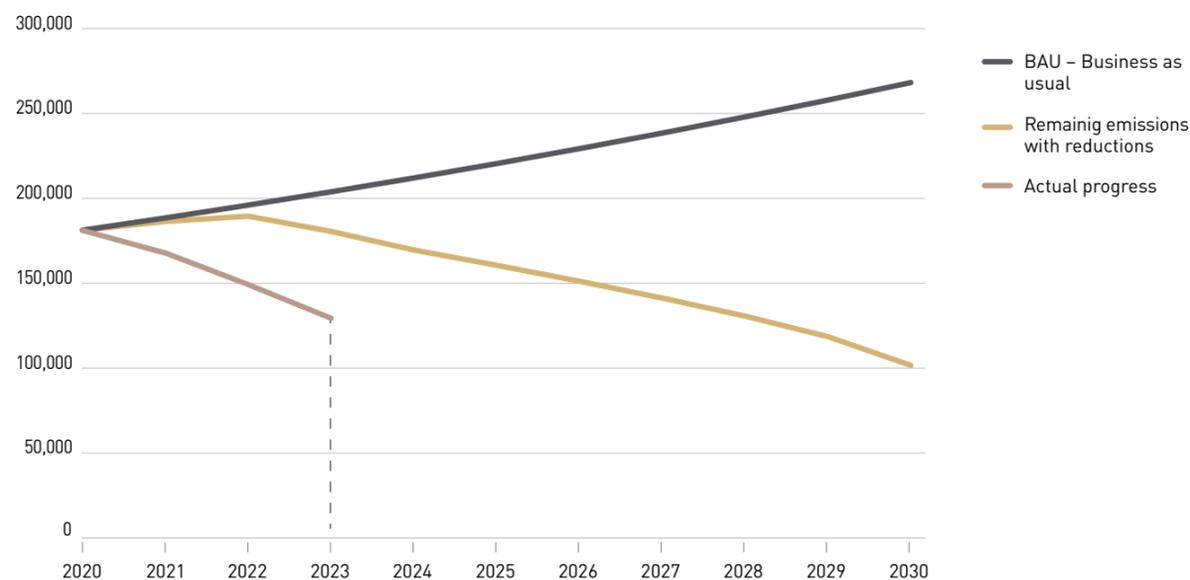
Fibers and Materials

The type of fibers and materials are selected by the Group's assortment teams, hence we have a direct impact on the changes in the fiber and material segment. In the fibers and materials section of our reduction roadmap, the most significant impact will come from transitioning from virgin to recycled polyester. This will be followed by a shift towards preferred types of cotton and a complete avoidance of conventional cotton. We had projected that recycled polyester would make up roughly 12% in 2023, in line with our goal of reaching 50% recycled polyester by 2025, and 95% by 2030. In 2023, we exceeded our goals, achieving 28% recycled polyester, marking a substantial rise from 11% in 2022. This achievement is due to targeted initiatives in the curtain segment and the duvets and pillows category, which are the main users of polyester in the Group. The changes implemented in these areas have rapidly produced favorable outcomes. For cotton - we persist in our efforts to eliminate the use of conventional cotton entirely.

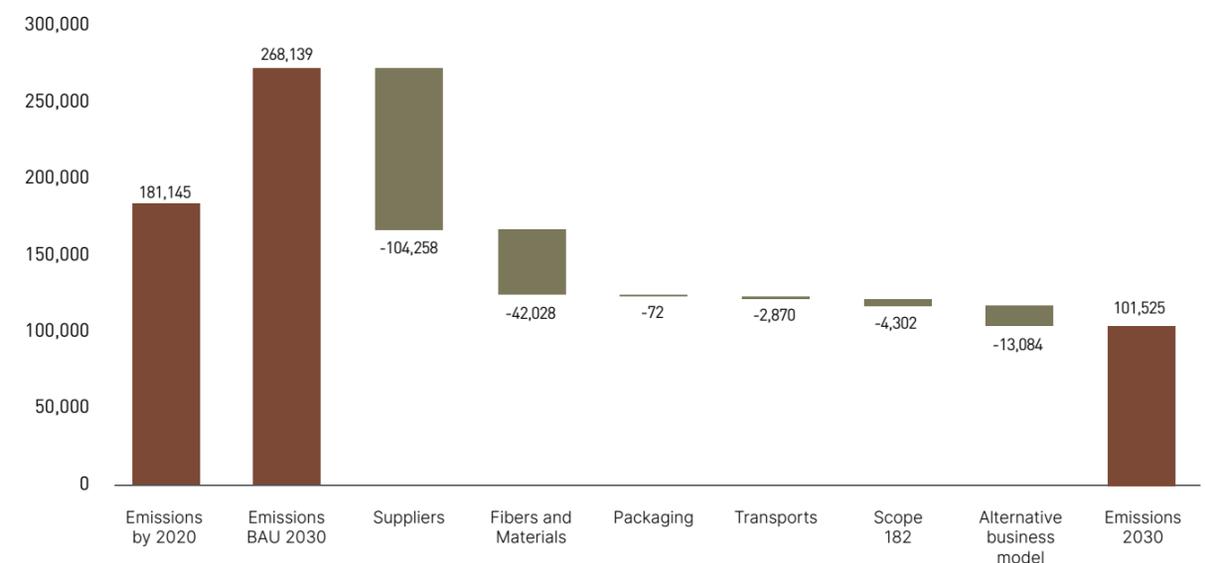
Alternative Business Models

Our business plan has identified potential alternative business models which we will be scoping and trying out within the next 1-3 years. The goal is to create revenue without the need of raw material consumption. In 2023 a new recourse was hired in the Group to develop alternative business models.

Reduction roadmap



Effects of actions per group for endyear (CO2e)





FINANCIAL IMPACT RELATED TO CLIMATE

In 2023 the Kid Group had multiple workshops with ESG consultant to map the climate risks and opportunities in the short (2024), medium (2025-2030), and long term (2031-2045) perspectives. The analyses are built under a high emission (physical risks) and low emission (transition events) scenarios. Based on IPCC’s SSP5-8.5 climate scenario and IEA’s Net Zero Emissions by 2050 climate scenario.

The Group’s upstream supply chain is concentrated in East Asia (China) and South Asia (India, Pakistan & Bangladesh), and direct operations and downstream sales markets are in Northern Europe. The Group’s primary exposure to physical risks may be more heavily concentrated in its upstream supply chain, including relation to agriculture and logistics, although physical risks are present throughout the Group’s entire value chain.

The Group’s cotton consumption is almost 40% of the total material consumption, and the cotton consumption compared to total consumption is roughly the same every year. Physical risks could result from climate related acute or chronic changes in rainfall patterns, flooding, shortages of water or other natural resources, variations in sea levels, storm patterns, and intensities as well as temperature changes. Studies show that when air temperature increased by 1 °C, cotton yield decreased by 7.79%. The potential consequences of a decreased or unstable supply of cotton fibers due to climate change could significantly impact the Kid Group. A reduction in cotton yield might lead to higher prices and make it more challenging to mitigate social and physical risks in our sourcing efforts.

Climate change could also impact our own stores, transport, and suppliers. Increase in floods could damage crops and if it happens locally stores and inventory could be damaged. Harsh weather could delay and make transport more costly and non-sustainable. Climate change could be a cost driver for us and our customers, these are the reasons why we are starting now to locate potential risks and opportunities of climate change.

From the table on the next page Kid Group does not see any short-term issues with transition or physical risks, nor any opportunities. Within the medium and long term there are multiple risks and opportunities. We are now implementing different strategies to reduce risk, and therefore be ready for potential changes. The Gross (inherent) vs. Net (residual) risk assessment is informed by the current state of the Group’s climate change mitigation/adaptation actions. It is the net risks that will be further analyzed to be implemented into strategy and business models. The gross risks without net risks are mitigated or adapted to already.

Carbon pricing:

Kid Group recognizes the potential of internal carbon pricing, but have not initiated any work related to this in 2023.

Carbon credits

The Group has not been buying any carbon credits for 2023.

FINANCIAL IMPACT OF CLIMATE-RELATED RISKS & OPPORTUNITIES									
Type	Ref	Cause	Effects	Gross Risk			Net Risk		
				Short-term	Med.-term	Long-term	Short-term	Med.-term	Long-term
Transition risks									
policy & legal	TR1	Changes in external climate-related policy and/or legal operating environment, leading to...	Increased pricing of GHG emissions		✓				
	TR3		Mandates on & regulation of existing products & services		✓	✓		✓	
	TR4		Mandates on & regulation of existing production processes (direct operations and/or supply chain)		✓	✓		✓	✓
Tech & innovation	TR7	Rapid economy-wide technological improvements or innovations that support the transition to a lower-carbon economy, leading to...	Increased costs associated with procuring lower emissions technologies for production in your value chain			✓			✓
	TR8		Increased costs of energy		✓	✓		✓	✓
Markets & Rep'n	TR11	Changes in the climate-related needs of, and demands from, key stakeholders (e.g. customers, lenders, employees etc.) leading to..	Stigmatization of sector (e.g. general reduction in retail shopping activity)			✓			✓
	TR13		Difficulties in attracting investment, raising new loans or shareholders’ equity		✓	✓			
Physical risks									
Acute	PR1	Increased frequency & severity of extreme events (e.g. heat waves, storms, floods, landslides etc), leading to...	Higher cost of, or delays receiving, purchased goods & services from (upstream) suppliers		✓	✓		✓	✓
	PR2		Damage, business interruptions and/or increased risk premiums to your Direct Operations			✓			✓
Chronic	PR4	Longer-term shifts in climate patterns (e.g. changing precipitation patters, Rising mean temperatures, rising sea levels), leading to...	As above - upstream		✓	✓		✓	✓
Opportunities									
Market & reputation	01	Changes in the climate-related needs of, and demands from, key stakeholders (e.g. customers, lenders, employees etc.) , leading to..	Increased demand for products and/or services with lower lifecycle emissions than your competitors			✓			✓
	02		Increased demand for products and/or services that directly support/facilitate customers’ climate change mitigation activities			✓			
	03		Increased demand for products and/or services that directly support/facilitate customers’ climate change adaptation activities			✓			
	04		Diversification of business model(s) and sources of revenue (e.g. new (circular) business models, product-as-service)			✓			✓
	05		Increased ability to raise new loans or shareholders’ equity on (relatively) favorable terms		✓			✓	✓

A tick in the 'Gross Risk' and 'Net Risk' columns signifies the identification of a material financial risk within the organization’s financial risk framework. If a tick appears under 'Gross Risk' but not under 'Net Risk', it indicates that the organization has implemented effective risk mitigation measures. Nonetheless, the presence of a tick under 'Net Risk' does not exclude the possibility of risk mitigation efforts being in place; it simply means that the financial risk, although reduced, still exists and is lower than the initial 'Gross Risk'.

BIODIVERSITY

As a retailer with a wide assortment of goods, the Kid Group is depending on raw materials and extraction of natural resources. Sourcing these materials and goods contributes to impact on land, water, and other ecosystems through a variety of operations.

Our Policy for Responsible Business Conduct states that “negative impact on the environment shall be reduced throughout the value chain. In line with the precautionary principle, measures shall be taken to continuously minimize greenhouse gas emissions and local pollution, the use of harmful chemicals, pesticides, and to ensure sustainable resource extraction and management of water, oceans, forest and land, and the conservation of biodiversity”. Biodiversity and ecosystems have been identified in both internal and external assessment as a material topic for the Group. The impact and risks are mainly located in our upstream supply chain, particular in the raw material production (tier 4), but also in each of the production processes (mainly tier 2) to create goods. A large part of the materials we use are coming from land-based ecosystems, and impacts soil health as well as they require water and chemicals to grow.

Negative impacts on biodiversity can create regulatory, reputational, and other sourcing related risks for our own business. We understand that this is an important topic within the textile industry, and it has become a clearer focus in the member groups we are part of, such as Textile Exchange and STICA. We have not yet identified clear sub-topics on which areas we have material impact and highest potential for risks and opportunities. Our business development plan for the coming years includes to work for “a sustainable value chain” – a large and ambitious plan which is implemented through Act with the Heart. We have for several years already worked with a variety of positive changes in our raw material sourcing, but biodiversity as a topic has not been clearly presented with a strategy within the Kid Group. Therefore, this topic is now under development, and we are setting plans to investigate The Taskforce on Nature-related Financial Disclosures (TNFD) and Science Based Targets Network (SBTN), as well as the WWF and Textile Exchange’s risk assessment modules. Due to this, there are no financial impact, risk and opportunity analysis available for biodiversity and ecosystems related to the Kid Group.

WATER

The responsible use of water has been considered a material topic in the Kid Group’s upstream value chain. When talking about water we must consider different aspects, such as water

use efficiency, consumption, discharge, recycling/reuse, and pollution reduction.

Cotton farming, dyeing and washing of textiles and other wet processes are requiring huge amount of water, at the same time as the processes often are located in areas where water is a scarcity. It is crucial that wet-processing factories have an efficient wastewater treatment plant to avoid pollution of local rivers, which will cause damage to local communities. By selecting non-conventional materials and production processes that focuses on resource efficiency we can be more efficient in water use and avoid release of polluted water. In 2023 the Kid Group have mitigated the use of more than 3 million m³ of water by sourcing and supporting Better Cotton, instead of conventional cotton farming.

The Group’s policy is covering water issues in several areas. Water is considered a risk in the sections about environment, chemicals, cotton production, health and safety, as we well as in the section about marginalized populations. Even though the Group’s policy covers the topic in a holistic way, the Group need to conduct a more careful Impact, Risk, and Opportunity (IRO) assessment for this area. It will be done together with biodiversity in general, planned in 2024.

Another topic to consider about water is the changed weather patterns related to climate change. Global warming is leading to draughts and/or flooding in some areas. Increasing sea levels are also threatening low level countries like Bangladesh, where previously Healthy land for farming and living will be under water in the future. This affects the local communities we operate in, and consequently the workers making the goods for the Kid Group.

DEFORESTATION FREE SUPPLY CHAIN

The Kid Group’s ambition is to have a deforestation free supply chain, and our Purchase Agreement and Requirements (PAR) set out requirements to meet our expectations. By doing due diligence of a variety of materials and processes in our operations, we seek to identify the risk and opportunities related to deforestation. This work is challenging due to the lack of traceability and in some cases transparency within the supply chain. We believe that education of both our employees and our

suppliers will lead to a positive shift in raw material sourcing that can mitigate the risk of deforestation. All wood and paper products within the assortment shall be certified to FSC or similar certification schemes by latest 2025. Due to lack of verified data, we can only estimate the share of FSC in the assortment, which in 2023 is estimated to be approximately 60% for paper and wood combined.

ENVIRONMENTAL ASSESSMENT OF SUPPLIERS

The Group’s Purchase Agreement and Requirements (PAR) includes a policy as well as requirements of suppliers’ environmental work. To assess the environmental aspects of factories we use third-party audit schemes from SMETA 4-pillar and OEKO-TEX® MADE IN GREEN. In 2023 approximately 47% (36%) of the sourced value from the top 80% suppliers had been audited for environmental performance. This shows that these types of audits are not as common among the factories as social audits. The plan is to increase the level of environmental audits to gather a better understanding of our suppliers’ environmental performance.

The findings from environmental audits are as of now not presented as structured as for example social audits. Therefore,

it is not possible for the Kid Group to report number of positive and negative impact among our suppliers yet. Nevertheless, we are requesting root cause analysis and corrective action plans from the suppliers when we find breaches of environmental requirements, even though we cannot show any percentage of how many improvements were made during 2023. No supplier relationships were ended in 2023 due to breaches of environmental performance.

As previous years, the main findings from environmental audits are related to lack of documentation and expired permits for waste disposal, wastewater release and air emissions. Without permits, local or national regulations are breached, which is unacceptable. Without documentation of actual performance, it is practically impossible to identify and track impacts, resulting in no improvements. With the Group’s CO₂e emission reduction road map and overarching Science Based Target to reduce CO₂e with at least 50% by 2030 and 95% by 2045, a better structure around assessment of supplier environmental performance will be needed. Within this area, it is also important to remember that the tier 1 supplier which we have contact and control of, are not always the factories where the most energy- chemical- and water intensive production activities are performed.



RESOURCE USE AND CIRCULAR ECONOMY

At The Kid Group, we prioritize the longevity of our products, ensuring that they can be used for extended periods of time. To achieve this, we constantly strive to improve our product design and quality control processes. Furthermore, we are committed to supporting more circular practices in our downstream value chain by collecting discarded textile products for increased reuse and recycling through various initiatives. Together - this allows us to create more circular business models for textiles and minimize our environmental impact.

The Kid Group is a significant user of raw material and other natural resources in its supply chain. The extraction of natural resources, a key part of the Group's operations, poses environmental risks, including potential negative impacts on biodiversity and climate. Moreover, excessive resource extraction for the Group's assortment can have long-term detrimental effects on local communities and economies.

Further on, the Group faces operational risks associated with upcoming EU regulations and directives (EU's Circular Economy Action Plan (CEAP) and related strategies), which may necessitate changes in our operations to ensure compliance. Additionally, the potential future scarcity of virgin resources could lead to price increases due to supply-demand dynamics. An example seen in 2023 is the result of a very poor harvest of flax (a premium material in the assortment) in both yield and quality due to environmental changes.

The company's climate emissions calculation shows that 99% of all emissions come from the products purchased from suppliers and sold to customers. This highlights the need to decouple revenue from the use of natural resources and to implement circular strategies to reduce consumption. By finding better flows of material, increasing efficiency in the product life cycle, and prolonging the lifetime of each product, the Group can lower its environmental impact and reduce its total CO2e emissions.

However, the Group's Policy for Responsible Business Conduct is not properly covering or promoting circular business models in its current state. The policy states that "negative impact on the environment shall be reduced throughout the value chain. In line with the precautionary principle, measures shall be taken to continuously minimize greenhouse gas emissions and local pollution, the use of harmful chemicals, pesticides, and to ensure sustainable resource extraction and management of water, oceans, forest and land, and the conservation of biodiversity". The business conduct is not directly addressing the sourcing and use of renewable resources. However, we have set targets to source recycled polyester, and other recycled materials are being invested in even if it is in a smaller volume as of 2023. We have

also developed a greenhouse gas-reduction roadmap, see page 50-51, which includes waste reduction in the production as well as energy efficiency in tier 1 to 4. Another important part of the greenhouse gas-reduction roadmap is that 5% of the revenue will come from "alternative business models" in 2030. These 5% will help to reduce approximately 7% of our GHG emissions to 2030, compared to base year 2020.

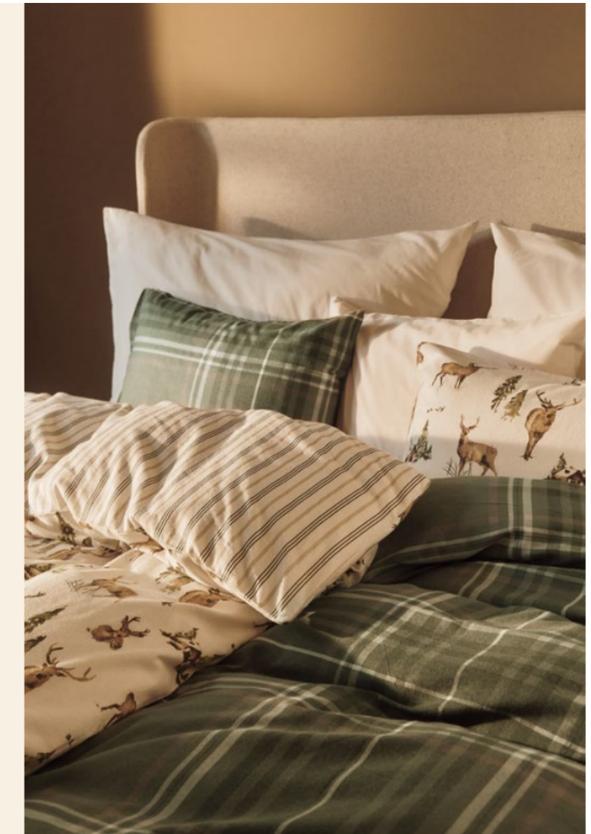
The Kid Group is currently developing a strategic program to promote a circular economy with several concepts in our assortment and business model. These actions aim to reduce the negative environmental impact related to production and consumption of goods, and to prepare the Kid Group for the upcoming EU Sustainable Product Initiative under the Circular Economy Action Plan. By implementing circular economy principles, we believe that we can not only reduce their environmental impact but also create new business opportunities and differentiate ourselves from competitors. The Kid Group has not yet assessed the ecological thresholds related to the targets of circularity.

CIRCULAR BUSINESS MODEL

A circular business model requires resource efficiency at all stages of a product's life cycle. Doubling the lifespan of all textiles, for instance, would almost halve the products' climate impact per use. Recycling is typically more resource-efficient than producing new products with virgin raw materials, but recycling should be the last step after maximizing the product's lifetime. The goal of a circular economy is to eliminate waste and pollution, keep materials in use at their highest value, and regenerate natural systems. Kid Group is working to find opportunities and solutions in various areas of its assortment and operations to maintain healthy ecosystems, clean air and water, and flourishing biodiversity.

GENERAL DESIGN PRINCIPLES IN THE KID GROUP:

- More than 80% of the textile products are made from monomaterials. In this way the products can be easily recycled
- When different fibers are mixed in a fabric, we always strive to mix the same fiber category, for example natural fibers like linen with cotton or synthetic fibers like polyester with polyamide.
- The Kid Group has a strong Restricted Substance List (RSL) to prevent hazardous chemicals in the products, and in that way secure a safe product for a long time.
- The principle "correct material for the purpose" applies in the assortment. Natural materials are suitable for textiles where absorbency, isolation or hand feel is required, and synthetic fibers where colorfastness to light, moist repellency and strength is prioritized.



USE OF RESOURCES

In total, the Kid group uses 10.758 tons of materials (see page 43, "top five material"). Out of these materials, approximately 5,670 ton, or 50% is made from biological and renewable sources. In total, we have sources 733 ton of reused or recycled materials, standing for 6,5% of the total use. Calculations are found on page 43

Design for Longevity

When examining the environmental impact of a product, the choices made during the design process have a significant impact on the product's overall environmental footprint. By carefully selecting more sustainable materials, components, and production methods, we can create products that have a longer lifespan and can be used in a circular economy.

The Kid Group has high quality standards, and the company aims to make long-lasting home textiles which often become more comfortable and unique with use. The Group also aims to increase the proportion of products from more sustainable sources and guide customers to more responsible and conscious purchases.

We see that most textile items in the assortment can be easily repaired if needed, but when the assortment of accessories, furniture and other more complex items are extended we

must take more care when designing the products, to create reparability and recyclability. Most of the textile products in our assortment are made of pure raw materials with the minimum amount of fiber blending possible, and with very few details and accessories. Our goal is that these mono materials will facilitate recycling when the products can no longer be used and are about to be discarded.

Even though the assortment range is expanding, the claims rate for the Kid Group has been slightly decreasing for several years. This is showing the effectiveness of the quality assurance work being done throughout the product categories. The overall claim percentage of products returned from customers in the Kid group was 0,40% in 2023, down from 0,46% in 2022.

CLAIMS RATE	2021	2022	2023
Kid Interior AS	0.56%	0.56%	0.47%
Hemtex AB	0.31%	0.28%	0.28%
Kid ASA in total	0.46%	0.46%	0.40%



REDOWN SERIES

Our Redown series is a concept that involves the use of recycled down and feathers to create duvets and pillows. Here's how the process works:

1. **Collection:** Kid Interior collaborates with UFF to collect used interior textiles, duvets, and pillows. These items can be dropped off at Kid stores or UFF containers throughout Norway.
2. **Sorting:** After collection, all textiles are sent for sorting. Down and feather products are separated and sorted according to the quality of the down.
3. **Preparation:** Duvets and pillows are opened, and the down/feathers are prepared for a new life and mixed to the desired blend.
4. **Cleaning:** All down and feathers are washed with warm spring water and sterilized at 135°C. The down blend is now cleaner than new and undergoes extensive quality control.
5. **Testing:** All down production is tested for purity, resilience, and correct blending according to the International Down and Feather Laboratory and Institute (IDFL) standard.
6. **Reuse:** The cleaned down is then used to fill new duvets or pillows.

The Redown products at Kid consist of 70% down and 30% feathers and are all-season duvets. The entire Redown process is certified according to the Global Recycled Standard (GRS), ensuring the use of recycled materials and traceability throughout the value chain. The production takes place according to Sustainable Textile Production by Oeko-Tex (STeP by Oeko-Tex), and renewable energy is used in the production.

Down and feathers that cannot be used for new products are used as fertilizer in organic farming, and the old duvet and pillow covers are turned into insulation material.

WASTE

The Kid Group generates waste in own operations as well as indirect in the outsourced upstream value chain. As of 2023 we report on waste generated in our warehouses and packaging covered in the Extended Producer Responsibility (EPR) for packaging materials. As of 2023, the Group does not have sufficient data to report on waste generated in our stores or in outsourced production. The waste disposal in stores is handled through contracts and leasing agreements.

Waste Generated in Warehouses

The volume presented in the table is what has been reported to the national EPR systems. The volumes include both transport packaging and product packaging. Additional waste not covered

by EPR (Food waste, Hazardous waste and non-metallic waste) is based on reported volumes by waste handlers.

Reuse & Recycling of Textiles

The textile segment stands for most of the value and volume in the Kid Group, hence the circularity of textiles is a prioritized topic. During 2023 The EU Commission proposed an "Extended Producer Responsibility" (EPR) for textiles, which is in addition to the previous requirement of separate sorting of textiles in 2025 in all member countries. This will most likely lead to EPR systems in the sales markets we operate in. The Kid Group is in favor of an EPR for the textile sector but continues to promote a unionized requirement throughout the EU countries to avoid individual prices and reporting methods across different sales markets.

WASTE GENERATED BY THE KID GROUP, BASED ON EPR REPORTING

Category	Description	Volume (ton)	Segment
Biomass	Cardboard and paper	604	Norway
Biomass	Cardboard and paper	392	Sweden
Biomass	Cardboard and paper	30	Estonia
Biomass	Cardboard and paper	42	Finland
Biomass	Wood	358	Norway
Biomass	Wood	16	Sweden
Biomass	Wood	23	Estonia
Biomass	Wood	34	Finland
Biomass	Food waste	0.4	Norway
Biomass	Food waste	0.2	Sweden
Plastic	Plastic packaging + wrap	100	Norway
Plastic	Plastic packaging + wrap	94	Sweden
Plastic	Plastic packaging + wrap	6	Estonia
Plastic	Plastic packaging + wrap	7	Finland
Metal	Steel structures, metal scraps	3	Sweden
Metal	Steel structures, metal scraps	1	Norway
Hazardous waste	Paint, glue, other chemicals	0.006	Sweden
Non-Metallic	Mixed Non-recyclable Waste	63	Norway
Non-Metallic	Mixed Non-recyclable Waste	15	Sweden

- The Kid Group is a part of a working group at the Swedish Trade Federation (Svensk Handel) called Textiles for Recycling Initiative (T4RI), focused on finding new solutions for reuse and recycling. The members of the T4RI group aims to find solutions that can simplify collaboration between various groups within textile recycling, such as consumers, producers, and municipalities.
- A newly signed pilot project between Kid Interior and Norsk Tekstilgjenvinning will investigate how selected Kid stores can collect worn-out clothes and home textile and offer them to the first research and demonstration facility for textile-to-textile recycling in Norway.
- Kid was one of two invited retailers/brands to join the reference group for the development of an Extended Producer Responsibility (EPR) for textiles in Norway. The new and upcoming extended producer responsibilities will be a fundamental part of shifting to a more circular economy and textile flow in Norway. We raised our voice to have similar solutions and build-ups of the extended producer responsibility across EU, and at least the Nordic region.

SOCIAL

The Kid Group is working with a comprehensive approach to managing social sustainability aspects concerning its workforce, supply chain, and customer relations. The Group employs proactive due diligence and risk management to identify and mitigate potential social risks, ensuring ethical business practices and stakeholder engagement. It maintains transparent, long-term supplier relationships, focusing on responsible purchasing and social responsibility, while regular employee surveys help address workplace environment and leadership issues.

SOCIAL		
TOPIC	SUB-TOPIC	CONTEXT IN THE VALUE CHAIN
Own Workforce	<ul style="list-style-type: none"> Working conditions Equal treatment and opportunities for all 	The Kid Group emphasizes the social dimensions of supply chain management, focusing on ethical practices, labor conditions, human rights, and health and safety. The company is committed to ensuring a responsible and transparent supply chain, fostering an inclusive and supportive work environment for its employees, and engaging customers in sustainable, safe, and ethical purchasing practices.
Workers in the Value Chain	<ul style="list-style-type: none"> Working conditions Other work related risks 	
Consumers and end-users	<ul style="list-style-type: none"> Privacy Health and safety Protection of children Responsible marketing practices 	



The materiality assessment indicates working conditions in both the supply chain and Kid Group's operations, along with human rights and health and safety as key social aspects with significant impacts and opportunities. This forms the foundation of the Act with the Heart sustainability framework, guiding the Group's efforts in creating a responsible value chain and fostering a safe, inclusive work environment.

2023 was a strong year in the social work for the Kid Group. A new dedicated HR manager started in Kid Interior, strengthening the work around recruitment, onboarding, leadership and culture. More about this in the section "Own Workforce".

To strengthen the understanding of workers in the value chain, members from the Sustainability team traveled to Bangladesh and China to visit strategically important suppliers. It was also the first year the Group published its Due Diligence report in accordance with the Norwegian Transparency Act. The report can be found at <https://www.kid.no/barekraft/vare-leverandorer>

ACTIONS AND TARGETS – SOCIAL

- 80% of suppliers based on sourced volume to be scored on the Sedex platform by 2021, and 100% by 2023.
 - We reached 95% in 2023, up from 78%* in 2022 and 84% in 2021.
- Securing valid social audits for 80% of tier 1 suppliers based on volume by 2023.
 - We reached 88% in 2023, up from 84% in 2022.

Both of these targets are concluded in 2023. New targets related to social compliance in the supply chain are to be set in 2024. The forthcoming target will be strengthened and shift its focus towards actual production sites, moving beyond merely including suppliers**.

*The performance outcome for 2022 has been adjusted to 78%, down from the initially reported 93%. This adjustment is due to identified discrepancies in last year's internal data reporting, which led to an overstated outcome.

**For our definition of suppliers, see pages 79.

OWN WORKFORCE

The Kid Group’s focus on attracting, recruiting, developing, and retaining the right employees is essential for the company’s progress. Dedicated employees are the company’s most valuable resource, and the company aims to provide its employees with development opportunities and a stimulating, safe, and healthy workplace environment.



OUR VALUES

The Kid Group is founded on a set of values which all employees are expected to follow. The values will serve as our compass, guiding our actions and communications. In Kid Interior the values are commercial edge, inspiration, and dedication. For Hemtex the values are defined as knowledgeable, generous, and creative.

Our values are further detailed with principles in our ethical guidelines for employees. Some key principles are:

- We communicate openly, truthfully and clearly
- We act with respect, consideration and responsibility for each other
- We prevent, identify and act on conflicts of interest
- We do not discriminate based on gender, sexual orientation, ethnicity, religion, disability, gender identity, gender expression, age or other characteristics

EQUAL TREATMENT AND OPPORTUNITIES FOR ALL

The Kid Group is committed to promoting equal opportunities for all individuals. This commitment extends to creating an inclusive work environment where employees have fair and equal chances, regardless of various factors such as age, gender, religion, ethnicity, nationality, disability, sexual orientation, sexual identity, or life stage. The Kid Group actively supports its employees in balancing work and personal life. Furthermore, the company strives to eliminate any discrimination based on disability. Whenever possible, the Kid Group customizes workplace conditions and tasks to accommodate existing employees or job applicants with disabilities

The Kid Group maintains strict anti-discrimination and anti-harassment policies. These guidelines are rooted in our core values and communicated to all employees, regardless of their employment status (full-time, part-time, permanent, or temporary). Our overarching objective is to foster diversity and equal opportunities across the entire organization. To achieve this, we implement various initiatives, including:

1. **Recruitment Practices:** Ensuring a fair and unbiased recruitment process that welcomes candidates from diverse backgrounds.
2. **Working Conditions:** Creating a supportive and respectful work environment for everyone.
3. **Promotion Opportunities:** Providing equal chances for career advancement based on merit.
4. **Personal Development:** Encouraging continuous learning and growth.
5. **Work-Life Balance:** Striving to maintain a healthy balance between work and personal life.

By actively promoting inclusivity and safety, we aim to cultivate a workspace where every individual feels valued and respected. For information about grievance mechanism and whistleblowing, see page 76.

THERE’S NO PLACE LIKE HOME

“ The Kid Group aims to create an environment where employees thrive. We prioritize strong relationships, by fostering trust from all directions — superiors, peers, and subordinates. Ultimately, the synergy between business and people defines our achievements, and our dedicated and skilled team members are essential to our success. As an employee of The Kid Group, we want everyone to feel that your presence matter and that your contributions make a difference, because our workplace should feel like their second home.



*HR Manager, Anne Gro Björling
in Kid Interior AS*

RECRUITMENT AND PROMOTION

Kid Group is committed to recruiting the best talents and facilitating the development of our internal talents. Although our system does not provide an analysis of how many people are recruited internally, we actively encourage internal candidates to apply, and all positions are advertised internally. The recruitment process for Kid Group is managed by a third-party provider, which contributes to professionalizing and structuring our recruitment procedures.

Through Kids Talent Program, we create an environment that nurtures and develops internal talents. In 2023, Kid’s recruitment process underwent a revision, and in 2024, the company will have a new supplier of personality test to be used in the recruitment process. This is to ensure high quality and structured execution in all our recruitment processes.

EMPLOYEE TURNOVER			
Company	2023	2022	2021
Kid Interior AS	18%	16%	16%
Hemtex AB	25%	32%	22%
KIL AB	19%		

Changes in turnover in Kid are minimal compared to historical data. Hemtex has seen a reduction in turnover and back to a level similar to that in 2021 and 2020.

TRAINING AND SKILLS DEVELOPMENT

Attracting and maintaining skilled employees is a key competitive advantage for the Kid Group. All employees have access to a variety of training, including online Academy for all employees. Today we have a varied portfolio of courses at Hemtex and Kid Academy and are continuously launching new course modules. Unfortunately, the software supplier is unable to provide us with total number of completed trainings. On the other hand, we follow up on the completion rate in detail through the platform's available analysis tools.

In Kid we also conduct team-based courses for all managers on various topics, such as prevention and follow-up of sick leave, recruitment and more.

Because our product portfolio includes products that require more specific expertise, such as furniture and custom-made sun protection, Kid also invested in our own regional ambassadors who facilitate regional training arenas.

In Kid, the store managers for the 20 largest stores are included in a development program with focus on leadership, economy, staffing, visual merchandising and sharing of best practices.

In 2020 Kid implemented a talent program where store employees can apply for a possibility to become store manager through on-the-job training and seminars.

Another way to increase employee's skills is the possibility to achieve a retail trade certificate through weekly online training in collaboration with K2 Kompetanse. We started a new program in 2023. Kid has also successfully conducted a pilot program to offer apprentices an opportunity to work in the field of sales and customer service. This initiative will be expanded in 2024. Kid has laid out an offensive plan for expanded learning and competence enhancement in 2024, which also includes several new arenas for learning and development.

Kid has laid out an offensive plan for expanded learning and competence enhancement in 2024, which also includes several new arenas for learning and development.

ACTIONS AND RESULTS

Kid has developed and revised several procedures and guidelines throughout 2023, including our ethical guidelines, a routine for conflict prevention, and guidelines for bullying, harassment, and inappropriate behavior.

In Kid Interior an employee survey is conducted each year, including matters relating to discrimination within recruitment, working conditions, promotion, personal development, and work-life balance. In 2023, no cases of harassment based on discrimination was reported within the organization during the year.

For 2024, the entire Kid Group is planning to transition to a unified survey platform.

In case of immediate need, The Kid Group use digital polls to identify perceived challenges within teams, so that we can determine necessary measures to prevent and avert potential challenges via a fact-oriented analysis. Kid also hold semi-annual one-to-one conversations with each employee. Based on the results, risks are identified and analyzed, and proper measures are initiated and subsequently monitored. The responsibility lies with each department manager in collaboration with HR.

PAY AND WORK CONDITIONS

The Kid Group has a workforce of approximately 94% women.

The Group Executive Management Team in 2023 consisted of 3 women. The board of directors comprises 3 women and 3 men.

Kid Group's policy emphasizes equal pay for equal work. As part of their annual salary adjustment process, they meticulously review and adjust fixed salaries to ensure alignment and address any disparities. To analyze gender-based salary differences, the company categorizes employees into the following groups:

- Group Executive Management 2022
- HQ Employee
- Store Employees
- Warehouse Employees

For each employment type, they assess the total remuneration differences between men and women across the years 2023, 2022, and 2021. This commitment to transparency and fairness is commendable, and it reflects their dedication to creating an equitable work environment:



2023	Number of men/women per employment type		Differences in remuneration (Womens share of mens remuneration in %)
	Women	Men	
			Fixed salary
Total	2,063	138	60%
Group Executive Management	0	3	n/a
HQ employees	100	35	76%
Store employees	1,927	44	97%
Warehouse employees	36	56	99%

2022	Number of men/women per employment type		Differences in remuneration (Womens share of mens remuneration in %)
	Women	Men	
			Fixed salary
Total	2,169	129	67%
Group Executive management	0	3	n/a
HQ employees	125	29	68%
Store employees	2,016	50	107%
Warehouse employees*	28	47	96%

*Only applicable for the Kid-segment

2021	Number of men/women per employment type		Differences in remuneration (Womens share of mens remuneration in %)
	Women	Men	
			Fixed salary
Total	2,013	108	68%
Group Executive management	0	3	n/a
HQ employees	100	28	79%
Store employees	1,881	40	104%
Warehouse employees*	32	37	99%

*Only applicable for the Kid-segment



For store employees, the remuneration structure varies; store managers receive a fixed salary subject to annual individual assessments, while other store employees follow the same collective agreements based on age. The marginal difference in pay is attributed to the gender distribution between store managers and other store employees. All warehouse employees, on the other hand, adhere to the same collective agreements.

Regarding HQ employees, there are several factors influencing their compensation:

- Education
- Competence
- Responsibility
- Working hours
- Market terms for specific positions within each department and role.

The aggregate difference in HQ salary levels is shaped by the gender composition and market terms within departments.

Notably, our analysis reveals no material differences between men and women in the same departments with similar roles and responsibilities, aligning with our policy.

However, at the Group level, the primary disparities between men and women are explained by:

- Relatively higher salaries allocated to the CEO, CFO, and VD in Hemtex, which are deemed to be at market terms and consistent with industry practice.
- The salary level for Group Management, which reflects market terms for the roles themselves, with gender having no material impact.

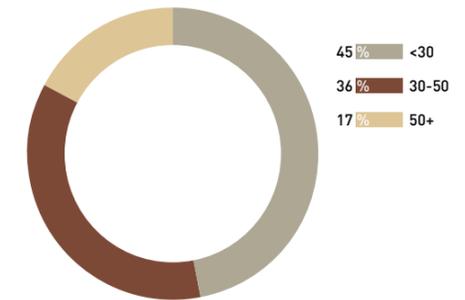
Our overarching policy is to hire the most qualified candidate for any position, irrespective of gender. The difference in remuneration between women and men does not stem from deliberate discrimination.

FULL TIME RATE

In 2023, the number of employees was 2201 (2022: 2298, 2021: 2 121) and 1791 (2022: 1896, 2021: 1720) of these were part-time. This means that 81% (83%) of employees work part-time. For HQ employees, the share of employees working part-time was 7% (17%).

The Kid Group offer part-time employment at our stores and warehouse, providing mutual flexibility both for our employees and company. Kid endeavors to offer part-time employees the opportunity to increase the rate of employment. Kid regularly conducts surveys to assess whether there are part-time employees working involuntarily part-time. A measure to increase the full-time rate of the Groups employees, is to recruit internally for relevant vacant positions. The Group also offer a talent program enabling store employees to become a store manager. The focus on internal recruitment, increased competence, talent program

Age aggregation



and the possibility to get a trade certificate in retail are all measures to keep our employees, develop internal competence and provide room for growth and increased possibilities for our employees.

The Kid Group has a simple digital staffing system in stores, which gives priority to people who are already employed when there is a need to staff extra shifts. The system is also used by external temporary staff. This has greatly simplified the staffing process for managers and created a better working environment

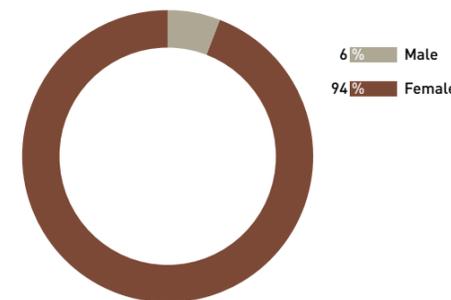
TRADE UNION AGREEMENTS AND DIALOGUE

In the Kid Group, employees in Sweden and Finland enjoy the protection of collective agreements. Meanwhile, in Estonia and Norway, the company adheres to national guidelines related to collective agreements. The Kid Group actively engages with unions, maintaining an ongoing dialogue. Notice periods specified in collective agreements from the Swedish Trade Federation, the Union of Commercial Employees, and Unionen are followed, alongside compliance with national legislation in the respective countries.

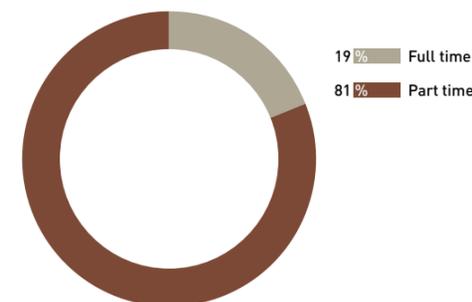
For all employees, whether part-time or full-time, the Kid Group provides benefits in alignment with local laws. These benefits encompass occupational health, insurance for occupational injuries and illness, parental leave, and retirement benefits.

The organizational structure involves store managers reporting to regional managers, who, in turn, report to the Kid Group's store operation manager. The HR department oversees personnel matters, central initiatives, and activities, providing essential support to the stores.

Gender distribution



Employment type



FOCUS ON HEALTH AND SAFETY

The goal of the Kid Group's workplace environment efforts is ultimately to prevent ill health and absence related to shortcomings in working conditions and the workplace environment.

In addition to conducting an annual employee engagement survey, the Group utilizes various physical meetings throughout the year as essential channels for gathering employee feedback. Additionally, Kid has an established Work Environment Committee (AMU), which convenes four times annually. This committee comprises three representatives from the head office (including CEO), and three representatives of HSE. Their pivotal role involves 1) Investigating Risk 2) Root Cause Analysis 3) Proposing Solutions 4) Evaluation

Kid Group encourages employees to do more physical activity and adopt a balanced lifestyle, for example by offering health and wellness benefits as well as agreements with fitness and wellness providers. In both Kid and Hemtex, all employees are offered a discount on Gym memberships. Furthermore, all employees at HQ in Kid and Hemtex have free access to a gym located at the office.

TOTAL SICKNESS ABSENCE			
Company	2023	2022	2021
Kid Interior AS	3.5%	8.9%	7.6%
Hemtex AB	5.2%	5.4%	5.3%

In Hemtex, we observe a slight decrease from 2022 to 2023, whereas in Kid, we see a significant decrease in sick leave during the same period. The reason for the decrease in sick leave in Kid may be a result of the years 2020-2022, which were characterized by a pandemic.

In the context of Kid, there has been a heightened emphasis on an even more structured sick follow-up during 2023. This has been achieved through targeted competence-raising initiatives and robust backing from both immediate managers and the HR. Looking ahead to 2024, the organization will prioritize efforts to prevent sick leave and enhance attendance management.

The Kid stores should be a safe and secure place for customers and employees. Therefore, it is essential that all employees have knowledge and understanding of safety issues. This is achieved through continuous training and information.

The Kid Group works proactively and systematically with fire safety and the workplace environment. Risk assessments related to intimidation and violence in the company are conducted continuously at a local and central level. If an incident occurs, we have a crisis management organization which can directly support staff in need of help.

Every year, workplace environment inspections must be carried out in the offices, warehouse and in every store. Any shortcomings discovered lead to concrete action plans, and if deemed necessary to key initiatives that encompass the entire business. A health, safety and environment manual is available for all employees on our intranet.

Kid has also conducted two meetings with our main safety representative and seven regional safety representatives in 2023, to ensure the competence and work processes in relation to HSE out in our regions. In January 2024, Kid will launch a digital portal for reviewing and storing all our HSE routines.

In 2023, 25 (2022: 13, 2021: 17) workplace accidents were reported, with no serious injuries as a result. All reported incidents and injuries are compiled and followed up by the HR Manager in Hemtex and Kid.

Given the context of operating in the Nordic market, there are certain topics related to human rights and child labour that are considered not relevant to answer.



WORKERS IN THE VALUE CHAIN

The Kid Group sources goods from various parts of the world, which involves a large and complex supply chain. We recognize that our operations have a significant impact on the workers involved in the supply chain. As a result, we are committed to ensuring that our suppliers adhere to ethical and sustainable practices that prioritize human rights and decent working conditions.



In our upstream value chain, spread across Europe and Asia, we encounter a wide variety of risks related to human rights and decent working conditions during the production of goods. We have assessed a lower risk of severe human rights breaches in the close relationships (tier 1) and higher risk further upstream (tier 2-4).

The set-up of the supply chain looks different depending on country. Our suppliers in Pakistan and Bangladesh are working vertically, with tier 1-3 integrated in the same company. In China and India, our two largest sourcing countries, the suppliers are usually split up in individual companies for each production process (horizontal production). This leads to a more challenging due diligence work for these countries.

The Kid Group recognizes the importance of collaboration with our suppliers to monitor and support their social responsibility initiatives, particularly in relation to human rights, labor conditions, environmental impact, and business conduct. This

topic is identified to have double materiality due to its impact on human rights as well as the dependency on the workforce in production. Additionally, we must include the reputational risk for the Kid Group if not compliant with international and national legislation.

The Group believes that an important part of its work is to create a good dialogue and understanding with the factory's management so that irregularities can be corrected and mitigated in a systematic and sustainable manner. We are committed to being a responsible member of the communities where our suppliers operate and contributing to positive change. Instead of terminating collaboration with suppliers that do not meet requirements, we aim to find good solutions and work for continuous improvements.

Since all sales are of final goods, and mostly sold directly to customers, we do not have any salient impact on workers in the downstream value chain.

WORKING CONDITIONS

The Kid Group works with due diligence assessments in line with the OECD Guidelines for Multinational Enterprises, which is also the principal of the Norwegian Transparency Act (Åpenhetsloven). This is done to identify and assess the potential and actual negative social impact of our upstream value chain, and is used as input for our supplier risk assessment and evaluation.

Before entering business with new suppliers and factories they are screened according to a variety of environmental and social aspects, and different third-party certificates are collected and verified. All suppliers are required to sign and comply with the Group's Purchase Agreement & Requirements (PAR) before the first order can be placed. The PAR, which is based on the Group's Policy for Responsible Business Conduct, includes a Code of Conduct with social compliance requirements. In 2023 the Kid Group further strengthened the screening process for new suppliers, and an updated checklist was introduced in the purchasing and buying department to better control the implementation of new suppliers. The requirements have also been updated to include the actual tier 1 factories, not only the supplier.

To identify potential negative impacts and assess salient social risks we use several sources. The most comprehensive source of data is the Radar tool on the Sedex platform. Via our membership in Sedex, we get access to this risk screening tool which can be filtered by country, social risk type, commodity group and much more.

Further on, to identify and assess actual impact and risk, the Kid Group primarily uses the SMETA 4-pillar protocol for audits, but also accepts other standards such as Amfori BSCI and SA 8000. Full audits based on the same principals as set in the Code of Conduct are conducted in factories at least every two to five

years depending on suppliers' size, production processes and history, and follow-up audits should be done in between. If issues are discovered during an audit, a corrective action plan is set up with clear timelines and agreed by the supplier to implement. If the finding is noted by an auditor during an audit, the corrective action is also checked and verified by the auditor after a set time period. The Group works together with the suppliers to handle noncompliance issues and remedy the negative impact by various suitable measures, e.g. updating routines or implementing other positive changes in the factories.

Members from the Group's sustainability department conducts regular business trips and attend factory site audits of the suppliers, most of whom operate in China, India, Pakistan, and Bangladesh. During these meetings we discuss social- and working conditions, climate change mitigation, quality improvement and other sustainability initiatives. We see a great value in meeting our suppliers face to face to discuss various topics and to get a better understanding of each other's businesses and strategies. In 2023 we visited just over 20 suppliers in Bangladesh and China, which represent approximately 25% of the 2023 order value to the Kid Group.

Working Time

When reviewing social audit reports, it's evident that working hours remain a challenging issue with limited effective remedial measures in place. It's crucial to address this topic, despite its ties to broader governmental, political, and societal factors in some countries. Our reliance on third-party audits helps us oversee overtime, rest days, and annual leave. In tier 1 of our supply chain, we observe structured overtime practices alongside proper timekeeping and enforced weekly rest days. However, our influence wanes further upstream in tier 2 and beyond, where controlling work hours becomes more challenging, and the risk of non-compliance is presumed higher.

THE KID GROUP'S SUPPLIER CODE OF CONDUCT REQUIREMENTS

- Laws and regulations must be complied with.
- Workers shall be free to join trade unions and to bargain collectively.
- Prohibition of discrimination must be complied with.
- Wages and compensation must be paid according to applicable rules.
- Overtime must be remunerated and must not exceed applicable rules.
- Health and safety matters must be respected in the workplace.
- Prohibition against child labor must be complied with.
- Prohibition against forced labor must be complied with.
- Approved environmental work and proper disposal of waste must be in place.

Our full Code of Conduct can be found in the PAR here: <https://www.kid.no/supplier>



Adequate Wages

Ensuring fair compensation for work performed is fundamental. Yet, numerous factors must be considered when determining fair wages. Even though third-party audits are checking wages, insurances, and various benefits, we see discrepancies in reporting compared to actual compensation. In China, there are structural challenges with the different types of insurances. Many cases are related to workers not paying their own part of the insurance, but that can be led back to cost savings due to too low income in the first place.

In some countries the legal minimum wage is significantly lower than the calculated living wage, which is a major issue. In 2023 the minimum wage in Bangladesh was increased by 56%, which was the first increase in the textile sector since 2018. So far, the Kid Group has not seen significant changes in cost price from Bangladesh due to the increased wages.

Freedom of Association and the Right to Collective Bargaining

Joining a union and engaging in collective bargaining are fundamental rights. However, in many manufacturing regions, unions are either weak or prohibited. Kid Group requires its suppliers to uphold these rights, ensuring both managers and workers are aware and adhere to them, as verified through social audits. Suppliers must allow employees to freely select their representatives for workplace discussions. While internal committees in factories offer a platform for dialogue and negotiation, they cannot substitute for active unions. It's essential to verify the committees' functionality and ensure members are democratically elected by the workforce.

Health and Safety

Workers' safety in the factories are of highest importance. Blocked or lack of fire exits, unstable building structure or exposure to hazardous chemicals, sharp object, high power electricity, or hot surfaces are some of the serious breaches of our Code of Conduct. Without sufficient routines, controls, and safety measures the health, and in worst case lives, of the workers are threatened. We set a long list of requirements for health and safety in the Code of Conduct and encourage our suppliers to educate their workers about safe operation of machines, Personal Protective Equipment (PPE), fire- and building safety, and much more. The control of Health and Safety are always controlled in both second-, and third-party audits.

In the Groups due diligence work regarding health and safety, two countries are identified with a higher risk – Bangladesh and Pakistan. To further strengthen the fire and building safety in factories in these countries, the Kid Group is a signatory of the al International Accord, as well as the Bangladesh and Pakistan accord on health and safety. The group has been a signatory of the Bangladesh accord for many years, and when the new Pakistan accord was implemented in 2023, the group became a signatory. With 15 factories in Pakistan, our engagement in the Pakistan accord affects almost 35.000 workers.

OTHER WORK-RELATED RIGHTS

Accepting employment should be a voluntary decision made with respect for fundamental human rights.

Methods of Combating Child Labor and Forced Labor.

The Kid Group's basic rule regarding child labor is that people under the age of 15 cannot work for any of its suppliers. If national legislation imposes more stringent requirements, it is those that apply. In China, for example, the legal working age is 16. The Kid Group also requires that suppliers pay careful attention to young workers (under the age of 18), for example in relation to the right to limited working hours. If the Kid Group discovers or suspects that a worker is underage, the supplier is contractually obliged to take measures to ensure the best outcome for the individual. The best possible solution is sought together with the supplier, considering the child's age, education, and social situation. Forced labor or compulsory labor is prohibited. It is important that workers receive continuous wages for work performed, that they are entitled to take holiday and terminate their employment with wages for work performed.

There is an increased risk of forced labor in the Xinjiang province, and with migrant workers around China coming from the Xinjiang province. We are actively communicating with our suppliers on this issue tracing our cotton sourcing. In addition to the set requirements in the Code of Conduct and conducting regular audits, it is important that we understand where and how the risk of child labor occur. Mitigating the risk of child- and forced labor in the supply chain requires a commitment to transparency, accountability, and continuous improvement. No incidents of child labor or forced labor have been or reported during 2023, however we continue to monitor these topics carefully since our due diligence work identifies child labor and forced labor as high risk in certain areas of our supply chain.

Adequate Housing and Privacy

Kid ASA's policy for responsible business conduct includes requirements on housing, applicable as soon as a supplier or factory is providing it for its workers. Separate accommodations, toilets and washing facilities shall be available for men and women respectively. All workers are to have their own lockable storage space for clothes and personal belongings. During social audits and inspections the auditor gives information about these parameters in the report, and the Kid group's sustainability team can follow up on any possible findings and deviations.

Water and Sanitation

Access to clean toilets and drinkable water must be ensured, along with appropriate sanitary conditions for storing food, if necessary. When accommodation is provided, it must be kept clean and safe, with proper ventilation, and include access to clean toilets and drinkable water. These aspects are controlled and reported on in social third party audits.

CONSUMERS AND END USERS

As a leading home textile and interior retailer in the Nordic market, the Kid Group is committed to delivering products that are not only safe but also have a lasting positive impact on the consumer. Recognizing the direct influence we have on end-users, we are dedicated to ensuring transparency and integrity in our communications, promptly addressing customer feedback, and safeguarding customer privacy.

Our stakeholders, including customers, have highlighted the importance of various ESG topics, as detailed in our materiality assessment. However, it's our customers who are most affected by the cost implications of sustainability initiatives. In response, Kid Group pledges to maintain an efficient, ethical value chain focused on key issues like climate emissions, human rights, animal welfare, and the provision of safe, durable products. Concurrently, we aim to provide an appealing product range at competitive prices. The dialogue with our customers is continuous and happens at all point of sales. The Group's store employees are the most important ambassadors.

DATA PRIVACY AND SECURITY

Since May 2018, Kid Group has been working in accordance with the new European General Data Protection Regulations (GDPR). The Kid Group's processing of personal data includes both technical and organizational measures aimed at securing the personal data of both customers and our own employees. During the year, there have been no reported incidents of deficiencies in the protection of customer privacy

The Group processes personal customer data in accordance with GDPR to offer membership in the Kid Interior Club/ Club Hemtex benefit and loyalty program. Both programs are for members who have registered or otherwise accepted the membership conditions and privacy policy.

Personal data is processed to administer membership and to offer benefits related to membership by contract. Membership is free of charge. Anyone who has reached the age of 16 can become a member and all membership benefits are personalized. It is also important that the membership can be canceled at any time as well as the personal preferences within the membership can be managed.

PRODUCT SAFETY

Customers should always feel safe when buying products from the Kid Group. We take responsibility for the products we place on the markets we operate in, and it is of greatest importance that products from the Kid Group do not pose a risk to the customers or end-users. That is why the Kid Group set strict requirements and control suppliers and manufacturers regarding quality, chemicals, production, and traceability.

PRODUCT CONTROL 2023

The Kid Group's risk assessments and preventive actions regarding quality work are showing positive results.

- No products have been recalled due to excessive levels of restricted chemicals, same as in 2022 and 2021.
- Four products, within the same series, were withdrawn due to a lack of legal compliance (2022: 0, 2021: 0).
- One product was withdrawn due to safety risk, based on internal risk assessments. (2022: 1, 2021: 2).
- One "Important Safety Message" was sent out to our customers to mitigate a safety risk. (2022: 0, 2021: 1).
- No reports of harmed customers or end-users during 2023 due to the use of our products.

Protection of children

In 2023 all baby bed sets in the assortment have been tested to comply with a new EU-standard, EN 16779-2:2022, for product safety. The bed sets shall not have any loose parts, be correctly labeled, and not contain any harmful substances. The Group continued to strengthen the quality control and product safety in the Little Roomies assortment. Third party testing, Final Random Inspections and improved product labeling were conducted during the year.

Quality Assurance

All products must comply with legislation for safety, labelling and chemical content. The level of quality and chemical management is governed by the Kid Group's Purchase Agreement and Requirements (PAR). It includes extensive and detailed product specifications describing the quality level that products need to achieve. It also contains a Restricted Substance List (RSL) which is based on Global-, EU- and country-specific regulations but also stricter self-defined requirements by the Kid Group for certain substances. To control that requirements are met, selected tests are performed by independent testing institutes. These tests follow standardized methods and are documented in detailed test reports, which are reviewed and approved prior to delivery. Labelling and packaging are also controlled before shipment approval.

RESPONSIBLE MARKETING

The Kid Group aim to contribute to more well-informed consumption by guiding customers towards more sustainable and ethical choices and working actively to reduce the products' direct environmental impact. Several tools and measures are needed to facilitate the transition to sustainable patterns of consumption and manufacturing. We are aware that over-consumption is a major issue when talking about sustainability, and can be seen as a root cause to the current unsustainable world we live in. As a retailer with a long history on the market, the Kid Group's business model and sales are often driven by campaigns and discounts. With clear and easily accessible information in the form of trustworthy environmental labelling, transparent pricing, product information in stores and online and more, we aim to make it easier for our customers and consumers to make responsible and sustainable choices when selecting our products.

A highlight in 2023 was that Kid ASA was granted a Scope Certificate of the Textile Exchange's preferred material- and process standards; Global Recycled Standard (GRS), Recycled Content Standard (RCS), Responsible Down Standard (RDS), Responsible Wool Standard (RWS) and Organic Content Standard (OCS).

The Group has been sourcing products certified according to these standards for several years already, but with the new Scope Certificate in hand, the Group is enhancing its marketing and product labelling tool – Act with the Heart – to make strengthened and reliable claims of preferred materials.



GOVERNANCE

The Kid Group integrates ethical business practices into its value chain management, ensuring compliance with laws and fostering a culture of integrity. This approach includes robust ESG governance to maintain transparency and accountability, safeguarding against corruption and bribery while protecting whistleblowers within its network.

GOVERNANCE		
TOPIC	SUB-TOPIC	CONTEXT IN THE VALUE CHAIN
Business conduct	<ul style="list-style-type: none"> Corporate Culture Protection of whistleblowers Corruption and bribery 	The Kid Group fosters a corporate culture committed to ethical principles, aligned by applicable laws and standards



BUSINESS CONDUCT AND CORPORATE CULTURE

The Kid Group works in a manner that is consistent with international and national laws and regulations of the countries in which it operates. Counteracting corruption and bribery are an ongoing process which requires cooperation, consensus, and a joint strategy. We have a zero-tolerance policy for corruption. The Kid Group's ethics policy provides clear guidance on how parties should react to situations in which gifts, samples, trips, discounts, or other benefits are offered. The Kid Group does not provide grants or donations, directly or indirectly, to politicians, political parties or organizations acting in the political sphere. To create a shared vision and clear basic rules for business relationships, the Kid Group applies the same policy to its employees as to external contacts. The Kid Group suppliers contractually commit to comply with the company's requirements for responsible business conduct, which is integrated to the Groups Purchase Agreement and Requirements (PAR). Our Policy for responsible business conduct is available on our investor page, supplier portal and customer website. There were no reports of any incident or

suspicion of bribery or corruption in 2023. The Group has a self-reporting system where the employees report directly to their manager if they have been exposed to a bribery situation.

WHISTLEBLOWING

In 2023 the Board of Directors approved an update in the Groups policy for responsible business conduct, where a section about whistleblowing was added.

The whistleblower system serves as a mechanism for detecting and reporting instances of non-compliance with the prohibition on discrimination or harassment within the group. This system enables individuals, both internal and external, to raise concerns and contribute to maintaining a respectful and equitable environment.

Kid Interior has a whistleblower council, consisting of CEO, Chief Safety Representative, HR Manager and Sales Director. The council will handle all inquiries and together evaluate and solve

the cases. This second-party function is an accepted solution for Norway, which is not covered by the EU whistleblowing directive.

Hemtex, which operates in EU, is obliged to follow the EU whistleblowing directive since 2022 and protect whistleblowers according to set rules. Therefore, Hemtex has a third-party solution to secure the anonymity of the whistleblowers.

In the Kid Group, there have been two whistleblowing cases during 2023, both of which have been handled in accordance with our internal notification routine.

PURCHASE AGREEMENT AND REQUIREMENTS

To ensure that the Group's upstream production is undertaken in ethical conditions, all our suppliers are screened for environmental and social aspects before we enter business with them, and they are obliged to sign and comply with our Purchase Agreement and Requirements (PAR) before the first order is placed. These agreements are based on the Policy for Responsible

Business Conduct, and impose, among other things, sound employee working conditions, that no child- or forced labor is in use, environmental considerations are taken into account when it comes to raw materials and good animal welfare practices. When it comes to payment and delivery terms, the policy and routines are governed in section 2 of the PAR. Suppliers are always paid in time according to the sales contracts. The PAR is revised annually, and the official version can always be found at www.kid.no/supplier.

TRANSPARENCY

One risk area linked to the complexity of the supply chain is transparency. The Kid Group's PAR is signed by our direct suppliers, but the agreement also requires our suppliers to monitor their sub-suppliers. The Kid Group does not accept unauthorized sub-suppliers and relationships with suppliers are based on full transparency into where and how products are manufactured.

CALCULATION METHODS

This sustainability report encompasses the Kid Group, and its content is based on the materiality assessment performed in 2022. The following provides detailed information on measurement and calculation methods for this sustainability report.

For Kid ASA's own operations, we work and report on actual data. In the upstream, and parts of the downstream value chain we operate with data from indirect sources, sector average data, sample analyses, market and peer groups data, or spend-based data. Actual data is less accessible in processes the further away they are in the value chain.

Energy consumption

In Norway, the office, warehouse, and the majority of stores are covered by a collective energy agreement, representing 83% of the Group's total square meterage in Norway. For 2023, actual energy data have been utilized for all areas included in this energy agreement. For the remaining areas, an average based on actual data has been applied. All the energy supplied under the energy agreement is hydroelectric, backed by guarantees of origin. For the other areas, the residual energy mix of Norway has been used. The data for 2022 have been revised to apply the same methodology, using actual data from 2022.

For Hemtex there is used a Hemtex average for Sweden, and actual data for Estonia and Finland as these two countries had good actual data. This differs from earlier years as Finland and Estonia was estimated with a Hemtex average. There are some stores in Sweden, Finland and Estonia that don't have specified electricity type. Therefore, an assumption has been made that these use conventional electricity. Since the actual data average for Kid and Hemtex in Sweden was different compared to last year, the same electricity average was used in these two countries.

Energy consumption is calculated on offices, warehouses and stores owned and operated by the Kid Group.

Freight transportation

All freight carriers report ton kilometers which are calculated on the distance travelled or reported as CO₂e WTW. The data have been calculated to greenhouse gas emissions according to the GHG protocol by 2050 Consulting. All freight has been included, as well as air freight.

Emissions from factory to warehouse

Emissions are based on the data from the climate report. Volumes are based on our main forwarders transported

volume by mode as we do not have the same numbers available for all freight forwarders.

Emissions from warehouse to store / customer

Emissions are based on the data from the climate report. Kilos are based on our freight partners report for all goods delivered from our warehouse to our stores or to customers through the online sales channels.

Business travel

Covers business travel booked through travel agency for all of Kid Group, spend from receipts and registered car journeys.

Climate emissions

For the calculation of GHG emissions, 2050 Consulting have calculated and quality assured the data. The calculated emissions are according to the GHG protocol. A detailed methodology report can be downloaded here: <https://investor.kid.no/corporate-governance/sustainability/>

Emissions under the GHG Protocol include the following in each scope:

Scope 1: Emissions from business travel using leased company vehicles, district heating for stores and warehouse.

Scope 2: Emissions from energy in own warehouses, stores and offices.

Scope 3: Emissions from business travel, shipment of all goods from sourcing country to warehouse and to the store, shipping of online orders to customers, waste at head office and warehouse and airfreight. We have also included emissions in tier 1 – 4 from production of all goods made with cotton, polyester down, wool, linen, viscose, paper and wood.

Packaging material emissions for 2023 had to be estimated based on 2021's packaging material composition and were then adjusted to the decreased amount of products sold.

Supplier-Related Data

Information on socially audited suppliers refers to active suppliers of Kid Group's own-brand products in high-risk countries whose manufacturing units have undergone a social audit based on SMETA, BSCI, ETI or SA8000. To

be approved, the audit result must meet the Kid Group's minimum level i.e. that the audit has not identified any of the zero tolerance criteria decided on. Nor must the audit identify that the lowest-rated producers have not improved in the follow-up audit, and that the supplier should commit to implementing any improvement measures.

- Supplier refers to tier 1, and is the company from which the Kid Group buy from. A supplier can have several factories.
- "Top 80" refers to suppliers accounting for 80% of our purchased goods and services. Out of 249 suppliers in 2023, 52 suppliers stands for 80% of the sourced value.

Number of products and purchases

Purchase value and number of purchased products include all products in Kid's range, unique products found in franchise stores are not included. Cotton from more responsible sources comprises the Kid Groups own-brand products and includes organic cotton products with GOTS and OCS certification, cotton which supports responsible farming methods, and which has been mass balanced and allocated to the Group's brands with Better Cotton Claim Units (BCCU), recycled cotton products with GRS or RCS certification.

Materials used

All calculations on materials used is based on data from the ERP system. When detailed data has not been available the total product weight, adjusted for packaging and filling (if relevant) has been used. Material usage has been calculated for 100% of all product sales in sales value.

Employees

This report covers the Kid Group's employees (i.e. store staff where the shop is owned by the Group). Data is based on the number of employees at the end of the year. The average number includes permanent employees, employees in their probationary period and temporary employees (more than one month). Employee turnover is calculated as the number of permanent employees who left during the year in relation to the average number of permanent employees. Sick leave is calculated as the number of hours of sick leave in relation to scheduled working hours. Type of employment refers to the total number of employees divided by those who work full time, 100%, and those who work part-time i.e. less than 100%



STATEMENT ON EU TAXONOMY FOR SUSTAINABLE ECONOMIC ACTIVITIES

Kid ASA reports on revenue (turnover), capital expenditure and operating expenses that are associated with Taxonomy-eligible and Taxonomy-aligned economic activities, in accordance with regulation EU (2020/852) and the supplementing delegated acts. Kid ASA has not identified any Taxonomy-eligible activities.

Economic activities (1)	Code(s) (2)	Absolute turnover (3)	Proportion turnover (4)	SUBSTANTIAL CONTRIBUTION CRITERIA				DNSH CRITERIA (DOES NOT SIGNIFICANTLY HARM)				Category (transition al activity) (21)							
				Climate change mitigation (5)	Climate change adaption (6)	Circular economy (8)	Water and marine resources (7)	Climate change mitigation (11)	Climate change adaption (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Turnover proportion (19)	CapEx proportion (18)			
		NOK 1000	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T

A. TAXONOMY-ELIGIBLE ACITIVITIES

A.1 Environmentally sustainable activities (Taxonomy-aligned)		0%
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)		0%

B. TAXONOMY-NON-ELIGIBLE ACTIVITIES

Turnover of Taxonomy-non-eligible activities (B)	3,417,866	100%
TOTAL A + B	3,417,866	100%

Economic activities (1)	Code(s) (2)	Absolute CapEx (3)	Proportion CapEx (4)	SUBSTANTIAL CONTRIBUTION CRITERIA				DNSH CRITERIA (DOES NOT SIGNIFICANTLY HARM)				Category (transition al activity) (21)							
				Climate change mitigation (5)	Climate change adaption (6)	Circular economy (8)	Water and marine resources (7)	Climate change mitigation (11)	Climate change adaption (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Turnover proportion (19)	CapEx proportion (18)			
		NOK 1000	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T

A. TAXONOMY-ELIGIBLE ACITIVITIES

A.1 Environmentally sustainable activities (Taxonomy-aligned)		0%
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)		0%

B. TAXONOMY-NON-ELIGIBLE ACTIVITIES

CapEx of Taxonomy-non-eligible activities (B)	1,353,206	100%
TOTAL A + B	1,353,206	100%

Economic activities (1)	Code(s) (2)	Absolute OpEx (3)	Proportion OpEx (4)	SUBSTANTIAL CONTRIBUTION CRITERIA				DNSH CRITERIA (DOES NOT SIGNIFICANTLY HARM)				Category (transition al activity) (21)							
				Climate change mitigation (5)	Climate change adaption (6)	Circular economy (8)	Water and marine resources (7)	Climate change mitigation (11)	Climate change adaption (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Turnover proportion (19)	OpEx proportion (18)			
		NOK 1000	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T

A. TAXONOMY-ELIGIBLE ACITIVITIES

A.1 Environmentally sustainable activities (Taxonomy-aligned)		0%
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)		0%

B. TAXONOMY-NON-ELIGIBLE ACTIVITIES

OpEx of Taxonomy-non-eligible activities (B)	2,937,508	100%
TOTAL A + B	2,937,508	100%



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*The Group's Policy for Responsible Business Conduct can be found here: <https://investor.kid.no/corporate-governance/policy-for-responsible-business-conduct/>
 *Each year the Kid Group publish a Due Diligence report for its work in the supply chain. Find the report here: <https://www.kid.no/globalassets/othercontent/sustainability/due-diligence-report-2022.pdf?ref=905F189494>

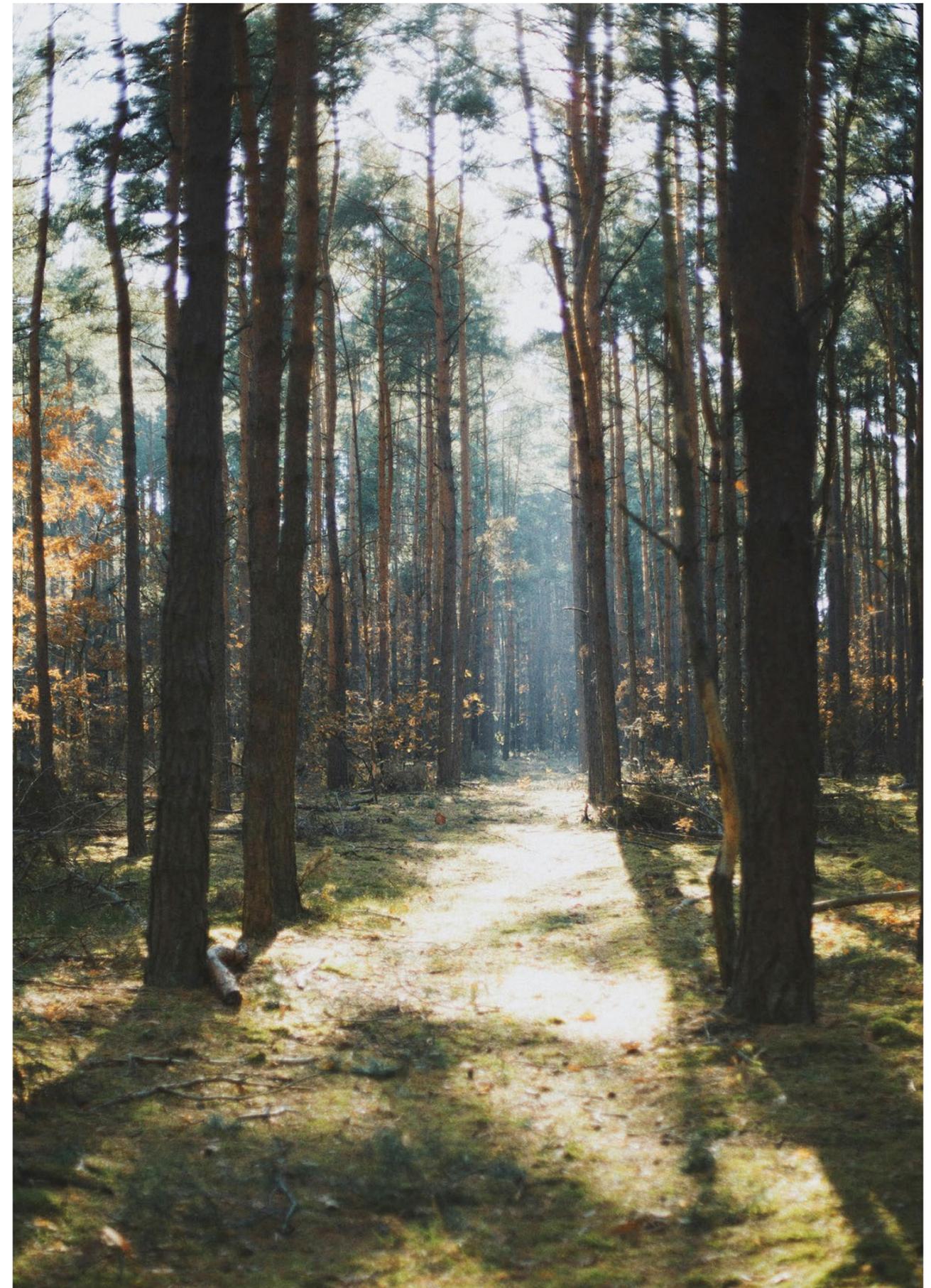
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*The Group's Policy for Responsible Business Conduct can be found here: <https://investor.kid.no/corporate-governance/policy-for-responsible-business-conduct/>



ADITIONAL GHG EMISSION DATA

GHG EMISSION TOTALS

DETAILED EMISSIONS PER SCOPE [ton CO2e]	TOTAL EMISSIONS 2023	SHARE 2023	TOTAL EMISSIONS LAST YEAR 2022	TOTAL EMISSIONS BASE YEAR 2020	CHANGE 2022-2023	CHANGE BASE YEAR 2020-2023
SCOPE 1	65	0,05%	46	56	41%	16%
Fuel use for own heat or electricity production	-	0%	0	0	-100%	-100%
Company operated transports	-	0%	-	-	-	-
Other company operated vehicles and machinery	-	0%	-	-	-	-
Company operated cars	49	0,04%	36	46	37%	8%
Refrigerant leakage	15,7	0,012%	10	10	59%	58%
SCOPE 2	1,512	1,2%	1,121	3,785	35%	-60%
Electricity	798	0,63%	651	2,716	23%	-71%
Heating	714	0,6%	470	1,069	52%	-33%
District cooling	0	0%	0	-	16%	-
Steam	-	0%	-	-	-	-
Steam	-	0%	-	-	-	-
SCOPE 3	124,757	98,8%	145,907	179,709	-14%	-31%
3.1 Purchased goods and services	119,944	95%	141,826	173,794	-15%	-31%
3.2 Capital goods	-	0%	-	-	-	-
3.3 Fuel- and energy-related activities	146	0,12%	199	419	-27%	-65%
3.4 Upstream transportation and distribution	4,480	4%	3,706	5,398	21%	-17%
3.5 Waste generated in operations	-	0%	-	-	-	-
3.6 Business travel	187	0%	177	98	6%	90%
3.7 Employee commuting	-	0%	-	-	-	-
3.8 Upstream leased assets	-	0%	-	0%	-	-
3.9 Downstream transportation and distribution	-	0%	-	-	-	-
3.10 Processing of sold products	-	0%	-	-	-	-
3.11 Use of sold products	-	0%	-	-	-	-
3.12 End of life treatment of sold products	-	0%	-	-	-	-
3.13 Downstream leased assets	-	0%	-	-	-	-
3.14 Franchises	-	0%	-	0%	-	-
3.15 Investments	-	0%	-	-	-	-
TOTAL	126,334	100%	147,074	183,550	-14%	-31%

CALCULATION METHOD, SCOPE 2	Emissions [ton CO2e]
Market-based	1,512
Location-based	884
Difference	629

ENERGY CONSUMPTION AND MIX

SOURCES FOR ENERGY, SCOPE 1&2 [MWH]	SHARE OF RENEWABLE	RENEWABLE	NON-RENEWABLE
Electricity	83%	10,370	2,097
Heating	0%	-	5,426
Fuel use for own heat or electricity production	0%	-	-
District cooling	0%	-	85
Steam	0%	-	-
TOTAL ENERGY	58%	10,370	7,608

SOURCES FOR ENERGY, BY SUPPLY	ENERGY USE [MWH] 2023	CATEGORY	RENEWABLE?	ENERGY USE [MWH] 2022	DIFFERENCE
Hydro power, guarantees of origin	10,256	Electricity	Yes	9,594	7%
Nuclear power, guarantees of origin	29	Electricity	No	0	-
Renewable mix, guarantees of origin	114	Electricity	Yes	0	-
Wind power, guarantees of origin	0	Electricity	Yes	29	-100%
Residual mix, Estonia	74	Electricity	No	125	-41%
Residual mix, Finland	165	Electricity	No	91	82%
Residual mix, Norway	1,366	Electricity	No	1,526	-11%
Residual mix, Sweden	464	Electricity	No	0	-
Residual mix, Estonia	176	Heating	No	122	44%
Residual mix, Finland	226	Heating	No	226	0%
Residual mix, Norway	600	Heating	No	483	24%
Bio oil, Norway	0	Heating	Yes	137	-100%
District heating – Borås	649	Heating	No	0	-
District heating – Norway	861	Heating	No	700	23%
District heating – Sweden	2,914	Heating	No	3,225	-10%
District cooling – Norway	85	Cooling	No	73	16%
TOTAL ENERGY	17,978			16,329	10%
TOTAL AREA (M2)	151,616			190,003	-20%

PURCHASED GOODS AND SERVICES

EMISSIONS PER MATERIAL CATEGORY	EMISSIONS [TON CO2E]	SHARE
Tier 1: Manufacturing	27,909	24%
Tier 2-4: Material and textile production	89,616	76%
Tier 1-4 : Complete products based on standard values	156	0,13%
Packaging material	25	0,02%
TOTAL	117,706	100%

DATA SOURCES	SHARE
Emissions from primary data	0%
Emissions from estimated sources	24%
Emissions from MSI	76%

BUSINESS TRAVEL

EMISSIONS FROM BUSINESS TRAVEL [ton CO2e]	2023	SHARE 2023	2022	CHANGE 2022-2023
Company operated cars	63	25%	47	33%
Flight travel	166	66%	131	27%
Train travel	0	0%	-	-
Taxi travel	0.1	0.03%	-	-
Hotels	21	8%	28.4	-26%
Other	0.1	0.03%	18	-100%
TOTAL	250	100%	224	12%

TRANSPORTATION

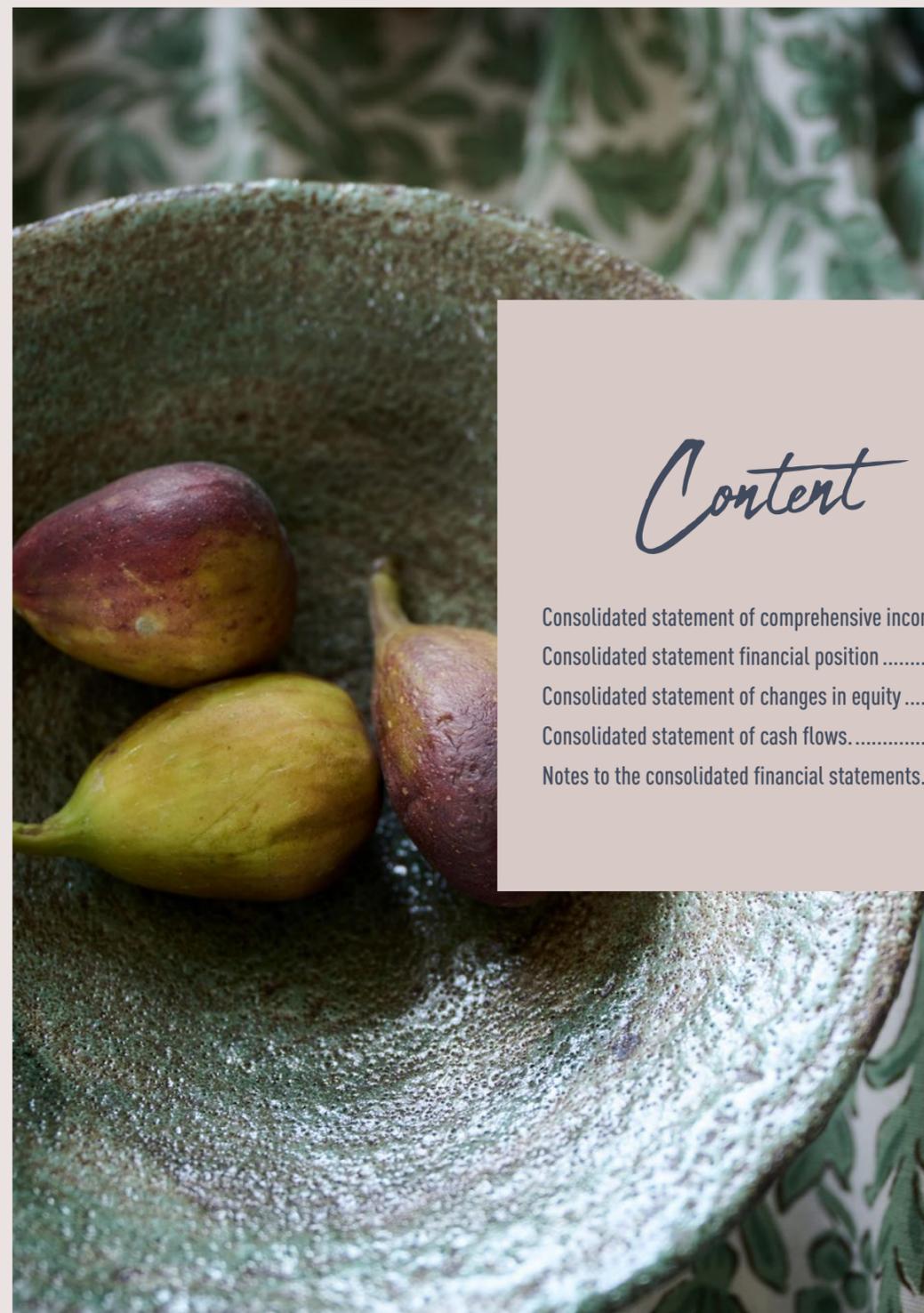
TOTAL TRANSPORTS PER TYPE	PAYLOAD DISTANCE [TONKM]*	SHARE OF TOTAL PAYLOAD DISTANCE	EMISSIONS [TON CO2E]	SHARE
Inbound transport	445,564,073	86%	2,515	56%
Intermediary transport	-	0%	-	0%
Outbound transport	74,465,925	14%	1,939	44%
Returns	-	0%	-	0%
TOTAL	520,029,998	100%	4,455	100%

INBOUND TRANSPORTS PER MODE OF TRANSPORTATION	PAYLOAD DISTANCE [TONKM]	SHARE OF TOTAL PAYLOAD DISTANCE	EMISSIONS [TON CO2E]	SHARE
Road freight	4,310,449	1%	364	8%
Air freight	249,817	0%	399	9%
Ocean freight	441,003,808	85%	1,753	39%
Train freight	-	0%	-	0%
TOTAL	445,564,073	86%	2,515	56%

OUTBOUND TRANSPORTS PER MODE OF TRANSPORTATION	PAYLOAD DISTANCE [TONKM]	SHARE OF TOTAL PAYLOAD DISTANCE	EMISSIONS [TON CO2E]	SHARE
Road freight	43,708,007	8%	1,887	42%
Air freight	-	0%	-	0%
Ocean freight	-	0%	-	0%
Train freight	30,757 918	6%	52	1%
TOTAL	74,465 925	14%	1,939	44%



CONSOLIDATED FINANCIAL STATEMENT 2023



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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(All amounts in NOK 1000 unless otherwise stated)

The notes are an integral part of these financial statements.	Note	Group Year ended 31 December	
		2023	2022
Revenue	4	3,413,595	3,177,991
Other operating income		4,270	5,236
Total revenue		3,417,866	3,183,227
Purchased goods and change in inventory	15	1,314,280	1,331,613
Employee benefits expense	6, 20	704,722	629,892
Depreciation and amortisation expense	11,12,24	404,136	348,296
Other operating expenses	19	514,371	504,198
Total operating expenses		2,937,508	2,813,999
Operating profit		480,357	369,228
Financial income	7	10,844	4,948
Financial expense	7	87,473	52,476
Net financial income (+) / expense (-)		-76,630	-47,528
Share of result from joint ventures	8	-1,200	-2,787
Profit before tax		402,528	318,912
Income tax expense	9	88,701	69,668
Net profit		313,827	249,244
Attributable to the owners of the parent		313,827	249,244
Other comprehensive income			
<i>Items that may be reclassified to P&L</i>			
Cash flow hedges	22	38,307	163,076
Tax effect from cash flow hedges	22	-8,506	-35,877
Currency translation differences	22	24,559	-8,924
Total other comprehensive income net of tax		54,360	118,275
Total comprehensive income		368,187	367,520
Attributable to the owners of the parent		368,187	367,520
Basic and diluted Earnings per share (EPS):	10	7.72	6.13

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(All amounts in NOK 1000 unless otherwise stated)

The notes are an integral part of these financial statements.	Note	Group	
		31st December 2023	31st December 2022
ASSETS			
Goodwill	12	70,169	65,479
Trademark	12	1,513,851	1,510,224
Other intangible assets	12	46,699	35,326
Deferred tax asset	9	6,593	1,859
Total intangible assets		1,637,312	1,612,888
Right of use asset	24	1,050,028	760,734
Property, plant and equipment	11	303,178	237,245
Total fixed assets		1,353,206	997,979
Investments in joint ventures	8	1,013	0
Loans to associated companies and joint ventures	21	50,702	23,795
Total financial fixed assets		51,716	23,795
TOTAL NON-CURRENT ASSETS		3,042,234	2,634,663
Inventories	15	576,279	668,753
Trade receivables	13,14	32,640	12,094
Other receivables	14	43,031	35,241
Derivative financial instruments	3,13,22	29,337	59,449
Total receivables		105,009	106,784
Cash and cash equivalents	13,16,23	225,065	75,721
TOTAL CURRENT ASSETS		906,353	851,259
TOTAL ASSETS		3,948,587	3,485,922

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(All amounts in NOK 1000 unless otherwise stated)

The notes are an integral part of these financial statements.	Note	Group	
		31st December 2023	31st December 2022
EQUITY AND LIABILITIES			
Share capital	17	48,770	48,770
Share premium	17	321,050	321,050
Other paid-in equity		64,617	64,617
Total paid-in-equity		434,436	434,436
Other reserves	22	-7,573	30,645
Retained earnings		888,414	808,296
TOTAL EQUITY		1,315,280	1,273,380
Deferred tax liability	9	312,218	322,723
Long term lease liabilities	24	779,287	523,528
Long term liabilities to financial institutions	3, 13, 18,23	491,661	521,646
Total long-term liabilities		1,583,166	1,367,898
Short term lease liabilities	24	305,640	258,257
Short term liabilities to financial institutions	3,13,18, 23	30,000	30,000
Trade creditors	13	203,375	122,459
Taxes payable	9	55,813	57,745
Public duties payable		209,941	167,139
Derivatives	3,13,22	53,748	7,229
Other short-term liabilities	19	191,626	201,815
Total short-term liabilities		1,050,144	844,644
TOTAL LIABILITIES		2,633,310	2,212,542
TOTAL EQUITY AND LIABILITIES		3,948,587	3,485,922

Lier, 16 April 2024

The board of directors, KID ASA


Petter Schouw-Hansen
Chairman


Rune Marsdal
Board member


Liv Berstad
Board member


Gyrid Skalleberg Ingero
Board member


Karin Bing Orgland
Board member


Espen Gundersen
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 2022	48,770	321,050	64,617	4,975	823,248	1,262,663
Profit for the year	-	-	-	-	249,244	249,244
Other comprehensive income	-	-	-	118,275	-	118,275
Total comprehensive income for the year	-	-	-	118,275	249,244	367,520
Realized cash flow hedges				(92,609)		-92,609
Transactions with owners - Dividends	-	-	-	-	-264,194	-264,194
Balance as at 31 December 2022	48,770	321,050	64,617	30,641	808,298	1,273,380
Balance at 1 January 2023	48,770	321,050	64,617	30,641	808,298	1,273,380
Profit for the year					313,827	313,827
Other comprehensive income				54,360		54,360
Total comprehensive income for the year	-	-	-	54,360	313,827	368,187
Realized cash flow hedges				(92,575)		-92,575
Transactions with owners - Dividends	-	-	-	-	-233,710	-233,710
Balance as at 31 December 2023	48,770	321,050	64,617	-7,574	888,415	1,315,280

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	2023	2022
Cash flow from operations			
Profit before income taxes		402,528	318,912
Taxes paid in the period	9	-91,037	-105,571
Depreciation & impairment	11,12,24	404,136	348,296
Net interest expense		79,743	46,435
Effect of exchange fluctuations		10,192	1,341
Change in working capital			
Change in inventory	15	111,538	-29,170
Change in trade receivables	14	-20,231	9,135
Change in trade creditors		76,510	-34,347
Change in other short-term liabilities		-11,935	-7,176
Net cash flow from operations		961,444	547,855
Cash flow from investments			
Purchase of fixed assets	11,12	-163,697	-119,264
Loans to associated companies and joint ventures	21	-17,785	-23,795
Net cash flow from investments		-181,482	-143,059
Cash flow from financing			
Proceeds from long term borrowings	18,23	0	100,000
Proceeds from revolving credit facility	18,23	160,000	130,000
Repayment of revolving credit facility	18,23	-160,000	-195,119
Repayment of Term loans	18,23	-30,000	-30,000
Net interest paid	7	-79,743	-46,435
Lease payments for the principal portion of lease liability	24	-296,250	-263,350
Dividend payments to shareholders		-233,710	-264,194
Net cash flow from financing		-639,703	-569,098
Cash and cash equivalents at the beginning of the period	16	75,721	239,331
Net change in cash and cash equivalents		140,258	-164,302
Exchange gains / (losses) on cash and cash equivalents		9,084	690
Cash and cash equivalents at the end of the period	16	225,065	75,721

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 157 stores in Norway under the brand name Kid. Hemtex has 116 stores in Sweden, 7 in Finland and 7 in Estonia. Out of the 130 Hemtex stores, 115 is owned by Hemtex and 11 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 MATERIAL 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 IFRS® Accounting Standards as adopted by the EUs (IFRS) and IFRS Interpretations Committee (IFRS IC) interpretations as adopted by the European Union and the Norwegian Companies Act 1998 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 accounts were approved and authorized for issue by the Board 16 April 2024.

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. The areas involving a higher degree of judgement or complexity or where the assumptions and estimates are significant for the consolidated financial statements are disclosed in note 5.

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.

2.1.2 Standards issued but not yet effective

Several amended standards and interpretations are effective for annual periods beginning after January 1. The group has not early adopted any new or amended standards and they are not expected to have a significant impact on the group's consolidated financial statements.

2.2 Consolidation and equity accounting

Subsidiaries are all 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. Further information on entities included in the consolidated financial statements is presented in note 8.

Interests in joint ventures are accounted for using the equity method, after initially being recognised at cost in the consolidated balance sheet. Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the group's share of the post-acquisition profits or losses of the investee in profit or loss, and the group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment. Unrealised gains on transactions between the group and its associates and joint ventures are eliminated to the extent of the group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the group. The carrying amount of equity-accounted investments is tested for impairment. Further information on joint ventures is presented in note 8.

2.3 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. The major operating entities in the group has NOK and SEK as 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. The consolidated financial statements are presented in NOK.

(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'.



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.

(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.

At 31. December 2023, the group had forward contracts for 100% of the anticipated USD cash flow for a period of 11 months. The Group has adopted IFRS 9 and uses hedge accounting, see note 22 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 based on the year-end fair value of the instruments with all other variables (e.g. changes of prices on products sold) held constant. Due to the Groups hedging strategy, the change in fair value on unrealized forward contracts are recognised through OCI, and any gain/loss in P&L upon realization is offset against currency effects on the the hedged object. See note 22 for more information.

At 31 December 2023	+10% change	-10% change
Effect on OCI (FX derivatives NOK/USD)	41,196	-41,196
Effect on OCI (FX derivatives SEK/USD)	24,103	-24,103

At 31 December 2022	+10% change	-10% change
Effect on OCI (FX derivatives NOK/USD)	40,109	-40,109
Effect on OCI (FX derivatives SEK/USD)	21,637	-21,637

(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 and hedging contracts. As NIBOR and STIBOR will not be replaced in the near future, we have considered that the Group is not effected by the IBOR-reform as per 31 December 2023. 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 tables illustrate the sensitivity on the company's financial instruments of a +/- 1% change in interest based on the year-end fair value of the instruments with all other variables held constant with the effect over OCI. Due to the Groups hedging strategy, the change in fair value on unrealized interest contracts are recognised through OCI, and any gain/loss in P&L upon realization is offset against interest effects on the the hedged object. See note 22 for more information.

The sensitivity of the unhedged part of the long term loan is presented illustrating a +/- 1% change in interest based on the floating interest rate at year end and the outstanding unhedged part of the loan.

	Interest SWAP	
At 31 December 2023	+1% change	-1% change
Effect on OCI	7,787	-7,787

At 31 December 2022	+1% change	-1% change
Effect on OCI	15,847	-15,847

	Cross currency interest swap	
At 31 December 2023	+1% change	-1% change
Effect on interest cost	226	-226

At 31 December 2022	+1% change	-1% change
Effect on interest cost	10,064	-10,064

	Unhedged part of interest bearing loans	
At 31 December 2023	+1% change	-1% change
Effect on interest cost	817	-817

At 31 December 2022	+1% change	-1% change
Effect on interest cost	1,016	-1,016

(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 2023	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)	39,505	38,942	466,171	-	-
Lease liabilities	315,610	256,375	202,199	147,874	358,319
Trade and other payables	395,001	-	-	-	-
	750,116	295,317	668,370	147,874	358,319

At 31 December 2022	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)	40,067	39,505	38,942	465,042	-
Lease liabilities	273,020	212,366	153,213	106,496	126,741
Trade and other payables	324,275	-	-	-	-
	721,258	245,063	187,627	133,368	503,625

Loans consist of one long term loan to Nordea refinanced during the year. Refer to note 18 for information on the external loan.

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. Kid's dividend policy is a pay-out ratio of 80-100% of adjusted net profit, with semi-annual payments. The company will deploy a dynamic distribution policy, and any excess capital will be returned to shareholders.

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 gearing ratios at 31 December 2023 and 2022 were as follows:

	2023	2022
Total external borrowings (note 18)	521,661	551,646
Less: cash and cash equivalents (note 16)	(225,065)	(75,721)
Net interest bearing debt	296,596	475,925
EBITDA excl. IFRS 16	544,910	426,204
Gearing ratio	0.54	1.12

The Group has covenants limits related to NIBD and EBITDA. For more information about covenant-limits, refer note 18.

The board of directors has proposed a dividend of NOK 3.50 per share to be paid in May 2024. Including the prepayment of NOK 2.75 per share paid in December 2023, the total dividend of NOK 6.25 represents 81% of Group net income for 2023.

3.3 Fair value estimation

The Group has financial instruments carried at fair value. 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 financial instruments carried at fair value relates to derivative instruments. These instruments are included in level 2. Refer to note 23 for further information on derivative instruments. Assets and liabilities carried at amortized cost is considered a fair estimate to fair value.

NOTE 4 | SEGMENT INFORMATION

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker which is the group's Board of Directors (BoD). The operating segments are identified on the basis of the reports which Chief Operating Decision Maker uses to assess performance and profitability at a strategic level. The Group sells interior products mainly through wholly owned stores. Within the Group, Kid Interior relates to Norway and Hemtex relates to Sweden, Estonia and Finland. The Group also sells home interior products through the Group's online websites which is considered part of the operating segments Kid and Hemtex respectively. Over 99% of the products are sold under own brands.

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.

Geographical information

Kid Group sells home interior products in 157 fully owned stores across Norway and 130 stores across EU, of which 116 were in Sweden, 7 in Finland and 7 in Estonia. Of the stores in EU, 119 are owned by Hemtex and 11 are franchises.

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.

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. The Group does not operate any loyalty programmes.

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.

Revenue	2023	2022
Norway	2,122,925	1,983,602
Sweden	1,137,113	1,062,366
Finland	94,126	83,024
Estonia	59,431	48,999
Total	3,413,595	3,177,991

2023	KID Interior	Hemtex	Total
Revenue	2,122,925	1,290,670	3,413,595
Purchased goods and change in inventory	-796,249	-518,031	-1,314,280
Gross profit	1,326,676	772,639	2,099,315
Other operating revenue	112	4,159	4,270
Operating expense (OPEX)	-711,275	-507,818	-1,219,093
EBITDA	615,513	268,980	884,493
Operating profit	390,763	89,591	480,357
	-	-	-
Gross margin (%)	62.5%	59.9%	61.5%
OPEX to sales margin (%)	33.5%	39.4%	35.7%
EBITDA margin (%)	29.0%	20.8%	25.9%
	-	-	-
Inventory	377,550	198,729	576,279
Total assets	2,627,588	1,320,999	3,948,587

2022

	KID Interior	Hemtex	Total
Revenue	1,983,602	1,194,389	3,177,991
Purchased goods and change in inventory	-827,978	-503,635	-1,331,613
Gross profit	1,155,624	690,754	1,846,378
Other operating revenue	106	5,130	5,236
Operating expense (OPEX)	-657,867	-476,227	-1,134,093
EBITDA	497,863	219,657	717,521
Operating profit	296,485	72,740	369,225
	-	-	-
Gross margin (%)	58.3%	57.8%	58.1%
OPEX to sales margin (%)	33.2%	39.9%	35.7%
EBITDA margin (%)	25.1%	18.3%	22.5%
	-	-	-
Inventory	421,992	246,762	668,753
Total assets	2,575,552	910,368	3,485,919

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.

5.1.1 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 Interiør and Hemtex, have been determined based on value-in-use calculations. These calculations require use of estimates, and included considerations of sustainability topics with possible financial materiality. The impairment tests are especially sensitive for negative changes in long-term revenue growth and gross margin.

See note 12 – Intangible assets for more information.

5.1.2 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.

5.2 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

	2023	2022
Wages and salaries	566,488	505,913
Social security costs	108,970	97,328
Pension costs - defined contribution plans (note 20)	17,653	18,289
Other benefits	11,611	8,362
Total employee benefit expense	704,722	629,892
Average number of full-time employees	1,004	958

There has not been any loans to employees or guarantees granted to employees for either 2022 or 2023. Refer to note 19 for specification of salary-related accruals included in Other short term liabilities.

6b Benefits key management personnel and board of directors

	2023				
Key Management Personnel	Salary	Pension	Accrued bonus	Other Benefits	Total
CEO, CFO, VD Hemtex	9,227	545	6557	410	16,739
Board of directors				2,840	2,840

	2022				
Key Management Personnel	Salary	Pension	Accrued bonus	Other Benefits	Total
CEO, CFO, VD Hemtex	8,611	605	-892	377	8,702
Board of directors				2,128	2,128

There has not been any loans or guarantees granted to key management personnel for either 2022 or 2023. CEO have 6 months salary as termination benefit. There are no share based payments.

For more information on remuneration, please refer to Remuneration report 2023 as approved by the Board of Directors. The Remuneration report is subject to an advisory vote by the General Meeting in 2024, and published as part of the appendices to the Notice of Annual General Meeting at investor.kid.no

6c Audit fees

	2023	2022
Statutory audit	2,240	2,245
Other assurance services	231	48
Tax related services	0	137
Other assistance	0	0
Total fees	2,471	2,430

NOTE 7 | FINANCE INCOME AND COSTS

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

	2023	2022
Finance costs		
Bank interest cost	34,175	18,137
Bank charges	2,761	3,845
Other finance costs*	7,204	1,998
Interest on lease liability	43,333	28,497
Total finance costs	87,473	52,477
Finance income		
Interest income on short-term bank deposits	4,477	1,178
Other finance income*	6,367	3,770
Total finance income	10,844	4,948
Net finance costs	-76,629	-47,528

* Realized and unrealized currency gain/loss and change in fair value of cross currency interest swap are included in other finance costs and other finance income.



NOTE 8 | INVESTMENTS IN JOINT VENTURES AND SUBSIDIARIES

The group had the following subsidiaries at 31 December 2023

Name	Place of business	Nature of business	Proportion of shares directly held by parent (%)
Kid Interiør AS	Norway	Interior goods retailer	100
Kid Logistikk AS	Norway	Logistics	100
Kid Eiendom AS	Norway	Logistics	100
Hemtex AB	Sweden	Interior goods retailer	100
Hemtex OY	Finland	Interior goods retailer	100
Kid International Logistic AB	Sweden	Logistics	100

All subsidiary undertakings are included in the consolidation.

The group had the following joint ventures at 31 December 2023

Name	Place of business	Nature of relationship	Measurement method	Ownership share	Carrying amount
Prognosgatan Holding AS	Norway	Joint venture	Equity method	50%	1013

As per year-end the joint venture is reflected in the statement of financial position. Per 31 December 2023, the share of result from joint ventures is MNOK -1.2 (MNOK -2.8). The carrying amount is MNOK 1 (MNOK 0). Refer to note 21 for information for loans to JV.

The Joint Venture is controlled by Kid (through Kid Eiendom AS) and Fabritius on a 50/50% basis and holds the investment in the warehouse in Viared, Sweden. Fabritius is wholly owned by Gjelsten Holding AS, which currently also holds 10.24% of the shares in Kid ASA.

Commitments and contingent liabilities in respect of joint ventures

An agreement with the construction entrepreneur was signed in December 2023 for the expansion of the central warehouse in Sweden. Kid ASA has provided a guarantee equal to 5% of the total contracted amount MNOK 204.5.

An updated lease agreement has been signed between Prognosgatan Fastighets AB (lessor) and Kid International Logistic AB (lessee) for the use of the central warehouse and offices including the planned expansion. Kid ASA have placed a customary parent company guarantee in favour of the lessor for an amount equal to 12 months of total rent inclusive VAT under the updated lease agreement, which is subject to an annual index regulation.

NOTE 9 | TAXES

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.

	2023	2022
Current tax		
Current tax on profits for the year Norway	74,958	57,997
Current tax on profits for the year Sweden*	13,624	12,360
Total current tax in income tax expense	88,583	70,357

*Of which is prepaid during the year. Refer to reconciliation of payable tax below

Changes in deferred tax related to income tax expense	119	-689
Income tax expense	88,702	69,668

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

	2023	2022
Profit before tax	402,528	318,912
Tax calculated at domestic tax rate (22%) applicable to profits	88,556	70,161
Tax effects of:		
Expenses not deductible for tax purposes/(Income not subject to tax)	-230	-4
Effect of different tax rates	375	-488
Other	0	-
Income tax expense	88,702	69,669
Tax charge in percent of profit before tax	22%	22%

Reconciliation of payable tax

	Norway	Sweden	Total
Payable tax 31.12.22	57,745	0	57,744
Paid taxes during the year	-57,362	-33,152	-90,514
Payable tax on this years result	74,958	13,624	88,583
Payable tax 31.12.23	75,342	-19,528	55,813

The movement in deferred income tax assets and liabilities during the year, taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Specification of deferred tax/deferred tax asset

At 31 December 2023	PP&E	Trademark and other intangible assets	Right of use asset	Derivatives	Other	Sum
Deferred tax assets/Deferred tax liabilities (-) Norway	1,359	-321,109	8,517	-162	-823	-312,218
Deferred tax assets/Deferred tax liabilities (-) Sweden	8,669	-11,613	6,414	4,626	-1,503	6,593
Net deferred tax	10,028	-332,722	14,931	4,464	-2,326	-305,625

At 31 December 2022	PP&E	Trademark and other intangible assets	Right of use asset	Derivatives	Other	Sum
Deferred tax assets/Deferred tax liabilities (-) Norway	2,218	-321,109	7,450	-10 935	-348	-322,723
Deferred tax assets/Deferred tax liabilities (-) Sweden	6,619	-10,837	3,862	-2,117	4,331	1,859
Net deferred tax	8,838	-331,946	11,312	-13 052	3,983	-320,865

The change in net deferred tax was:

	2023	2022
Net deferred tax opening balance	-320,865	-309,317
Recognized in P&L	119	-689
Recognized in OCI	22	-8,446
Recognized directly in equity		25,895
Translation differences		-2,328
Net deferred tax closing balance	-305,624	-320,865

NOTE 10 | EARNINGS PER SHARE

There exists only one class of shares.

	2023	2022
Weighted average number of shares	40,645,162	40 645,162
Net profit for the year	313,827	249,244
Earnings per share (basic and diluted) (Expressed in NOK per share)	7.72	6.13
Dividends per share paid in May	3.00	4.00
Dividends per share paid in November (December)	2.75	2.50

* See note 3.2 for proposed dividend at year end. 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.

NOTE 11 | 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.

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

	Assets under construction	Fixtures and fittings	Autostore	Total
Year ended 31 December 2023				
Opening net book amount	29,596	192,222	15,426	237,245
Additions	11,128	89,704	42,843	143,676
Reclassifications	0	0	0	-
Depreciation charge	0	-74,659	-9,688	-84,347
Currency translation differences	0	7,459	-855	6,604
Closing net book amount	40,724	214,726	47,726	303,178
At 31 December 2023				
Cost or valuation	40,724	875,005	74,020	989,749
Accumulated depreciation	0	-654,310	-25,439	-679,748
Currency translation differences	0	-5,969	-855	-6,824
Net book amount	40,724	214,726	47,726	303,178
Year ended 31 December 2022				
Opening net book amount	2,646	178,850	21,661	203,157
Additions	26,949	81,905	0	108,854
Reclassifications	0	0	0	0
Depreciation charge	-	-64,666	-6,235	-70,901
Currency translation differences	-	-3,867	0	-3,867
Closing net book amount	29,596	192,222	15,426	237,245
At 31 December 2022				
Cost or valuation	29,596	785,301	31,177	846,074
Accumulated depreciation	-	-579,651	-15,751	-595,402
Currency translation differences	-	-13,428	0	-13,428
Net book amount	29,596	192,222	15,426	237,245

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

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. Indicators of impairment of property, plant and equipment have been assessed and management concluded that there were no indicators as per 31 December 2023.

NOTE 12 | INTANGIBLE ASSETS

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.

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 ("Kid Interior" brand name) 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.

Cost	Software	Trademark	Goodwill	Total
At 1 January 2022	44,371	1,511,788	70,286	1,626,446
Additions	20,871	-	-	20,871
Reclassification	-	-	-	-
Currency translation differences	-775	-1,564	-4,807	-7,146
As at 31 December 2022	64,467	1,510,224	65,479	1,640,171
Additions	17,110	-	-	17,110
Reclassification	-	-	-	-
Currency translation differences	2,492	3,627	4,690	10,809
As at 31 December 2023	84,069	1,513,851	70,169	1,668,090

Accumulated amortisation and impairment

At 1 January 2022	-25,273	-	-	-25,273
Amortisation charge	-3,865	-	-	-3,865
As at 31 December 2022	-29,138	-	-	-29,138
At 1 January 2023	-29,138	-	-	-29,138
Amortisation charge	-8,229	-	-	-8,229
As at 31 December 2023	-37,367	-	-	-37,367

Net book value

Cost	64,468	1,510,224	65,479	1,640,171
Accumulated amortisation and impairment	-29,140	-	-	-29,140
As at 31 December 2022	35,327	1,510,224	65,479	1,611,030
Cost	84,069	1,513,851	70,169	1,668,089
Accumulated amortisation and impairment	-37,369	-	-	-37,370
As at 31 December 2023	46,699	1,513,851	70,169	1,630,719

Useful life	4-7 years	Indefinite	Indefinite
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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 an estimated growth rate of 1.5% [1%]. 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 used in the impairment test:	2023	2022
Sales volume (% annual growth rate)	3.0	1.6
Gross margin (%)	61.0	60.9
Other operating costs (%)	45.0	45.2
Annual capital expenditure (MNOK)	75.0	50.0
Discount rate before tax (%)	10.8	10.3

The recoverable amount of the trademark is estimated to be MNOK 3016 (2022 – MNOK 2755). This exceeds the carrying amount of the trademark Kid Interior at 31 December 2023 which is MNOK 1460 (2022 – MNOK 1460)

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

	2023		2022	
	From	To	From	To
Sales volume (% annual growth rate)	3.0	0.1	1.6	-0.7
Budgeted gross margin (%)	60.1	55.2	60.9	56.0
Discount rate pre tax (%)	10.8	16.2	10.3	16.2

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. These considerations and assessments includes sustainability topics with possible financial materiality.

Trademark and goodwill Hemtex

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 has tested whether the trademark and goodwill for impairment at year end.

The following table sets out the key assumptions used in the impairment test:	2023	2022
Sales volume (% annual growth rate)	3.0	2.2
Gross margin (%)	61.0	61.0
Other operating costs (% of revenue)	51.5	50.3
Annual capital expenditure (MNOK)	50.0	50.0
Discount rate pre tax (%)	10.2	10.1

The recoverable amount of the trademark and goodwill is estimated to be MNOK 890 (MNOK 891). This exceeds the carrying amount of the trademark and goodwill in Hemtex at 31 December 2023 which is MNOK 124,4 (MNOK 116).

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

	2023		2022	
	From	To	From	To
Sales volume (% annual growth rate)	3.0	1.1	2.2	-0.1
Budgeted gross margin (%)	61.0	57.0	61.0	57.0
Discount rate pre tax (%)	10.2	30.0	10.1	30.2

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

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 and based on the Groups business model.

(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 have one cross currency interest swap contract defined as financial asset at fair value through profit or loss.

(b) Financial assets at amortised cost

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

(c) Financial assets at fair value through other comprehensive income

Financial assets at fair value through OCI are derivative instruments designated as hedging instruments. The Group currently have one interest swap contract and several currency forward contracts defined as financial asset at fair value through OCI.

13.1 Financial instruments by category

	31 December 2023			Total
	Financial assets at amortised cost	Financial assets (cash flow hedge derivatives) at fair value over OCI	Financial assets (derivatives not designated as instruments for hedge accountin) at fair value over P&L	
Assets as per balance sheet				
Derivative financial instruments	-	28,991	346	29,337
Trade receivables	32,640	-	-	32,640
Cash and bank deposits	225,065	-	-	225,065
Total	257,706	28,991	346	287,043

	31 December 2023			Total
	Other financial liabilities at amortised cost	Financial liabilities (cash flow hedge derivatives) at fair value over OCI	Financial assets (derivatives not designated as instruments for hedge accountin) at fair value over P&L	
Liabilities as per balance sheet				
Liabilities to financial institutions long term	491,661	-	-	491,661
Long term lease liability	779,287	-	-	779,287
Short term liabilities to financial institutions	30,000	-	-	30,000
Short term lease liability	305,640	-	-	305,640
Derivatives	-	53,748	-	53,748
Trade creditors	203,375	-	-	203,375
Total	1,809,963	53,748		1,863,711

31 December 2022

	Financial assets at amortised cost	Financial assets (cash flow hedge derivatives) at fair value over OCI	Financial assets (derivatives not desig- nated as instruments for hedge accountin) at fair value over P&L	Total
Assets as per balance sheet				
Derivative financial instruments	-	54,778	4,672	59,450
Trade receivables	12,094	-		12,094
Cash and bank deposits	75,721	-		75,721
Total	87,815	54,778	4,672	147,265

	Other financial liabilities at amortised cost	Financial liabilities (cash flow hedge derivatives) at fair value over OCI	Financial assets (derivatives not desig- nated as instruments for hedge accountin) at fair value over P&L	Total
Liabilities as per balance sheet				
Liabilities to financial institutions long term	521,646			521,646
Long term lease liability	523,528			523,528
Short term liabilities to financial institutions	30,000			30,000
Short term lease liability	258,257			258,257
Derivatives		7,229		7,229
Trade creditors	122,459			122,459
Total	1,455,890	7,229	0	1,463,120

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 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 the majority of receivables over the past several years have been collected in full and on time. The Group applies the simplified approach, whereby expected lifetime losses are recognised from initial recognition of the receivables is used.

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

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 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.

	2023	2022
Inventory at purchase cost	582,359	674,815
Inventory write-downs to net realizable value	-6,080	-6,061
Inventories	576,279	668,753

Recognized loss on inventories

	2023	2022
Lost and damaged goods	20,922	13,530
Change in provision for obsolescence	18	-1,187
Recognized loss on inventories in cost of goods sold	20,940	12,343

NOTE 16 | 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 2022 and 2023 the Group did not have any outstanding bank overdrafts.

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

	2023	2022
Cash in bank and in hand	219,223	63,458
Short-term bank overnight deposits	6,100	12,521
Cash and cash equivalents (excluding bank overdrafts)	225,065	75,721

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

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 2023	40,645,162	40,645,162	1.2	48,774,194
At 31 December 2022	40,645,162	40,645,162	1.2	48,774,194

The top 20 shareholders per 31.12 are the following:

Company	31 December 2023	
	# Shares	Ownership
Gjelsten Holding AS	4,161,291	10.24%
Pareto Aksje Norge Verdipapirfond	3,052,559	7.51%
Verdipapirfondet Alfred Berg Gamba	2,908,652	7.16%
Société Générale	2,050,000	5.04%
Folketrygdfondet	1,892,193	4.66%
Salt Value AS	1,806,959	4.45%
Stenshagen Invest AS	1,464,600	3.60%
Verdipapirfondet Holberg Norge	1,366,553	3.36%
VJ Invest AS	1,173,507	2.89%
J.P. Morgan SE	1,092,162	2.69%
Forsvarets Personellservice	707,500	1.74%
Varner Equities AS	691,790	1.70%
Landkreditt Utbytte	677,131	1.67%
Vevlen Gård AS	581,500	1.43%
Verdipapirfondet Nordea Avkastning	555,984	1.37%
Brown Brothers Harriman & Co.	536,300	1.32%
Verdipapirfondet KLP Aksjenorge	518,799	1.28%
Hausta Investor AS	500,000	1.23%
Verdipapirfondet Eika Norge	461,834	1.14%
Goldman Sachs International	416,161	1.02%

Company	31 December 2022	
	# Shares	Ownership
Gjelsten Holding AS	4,161,291	10.24%
Verdipapirfondet Alfred Berg Gamba	2,908,652	7.16%
Pareto Aksje Norge Verdipapirfond	2,268,735	5.58%
Société Générale	2,050,000	5.04%
Folketrygdfondet	1,892,193	4.66%
Verdipapirfondet Holberg Norge	1,639,520	4.03%
Salt Value AS	1,601,267	3.94%
Stenshagen Invest AS	1,464,600	3.60%
J.P. Morgan SE	1,105,802	2.72%
VJ Invest AS	1,032,824	2.54%
State Street Bank and Trust Comp	720,115	1.77%
Forsvarets Personellservice	707,500	1.74%

Verdipapirfondet Eika Spar	634,114	1.56%
Verdipapirfondet Nordea Avkastning	556,584	1.37%
The Bank of New York Mellon SA/NV	535,031	1.32%
Verdipapirfondet KLP Aksjenorge	517,769	1.27%
Verdipapirfondet Eika Norge	461,834	1.14%
Goldman Sachs International	440,161	1.08%
Verdipapirfondet Nordea Kapital	418,730	1.03%

Share premium	Amount
At 31 December 2014	156,874
Equity issue November 2015	164,175
At 31 December 2023	321,049

Key Management Personnel Share holdings	31.12.2023	31.12.2022
Anders Fjeld	138,000	130,000
Mads Kigen	500	na
Eystein Lund	na	50,286
Anders Lorentzson	na	na

Board of Directors	31.12.2023	31.12.2022
Petter Schouw-Hansen	54,808	54,808
Liv Berstad	1,270	-
Gyrid Skalleberg Ingerø	3,007	3,007
Karin Bing Orgland	32,629	32,629
Rune Marsdal	20,427	20,427
Espen Gundersen	7,000	4,000



NOTE 18 | LIABILITIES TO 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.

	2023	2022
Long term		
Bank loans	491,661	521,646
Total long term liabilities to financial institutions	491,661	521,646
Short term		
Bank loans	30,000	30,000
Total short term liabilities to financial institutions	30,000	30,000
Total liabilities to financial institutions	521,661	551,646

(a) Bank loans

An additional short term credit facility agreement of MNOK 100 was signed in December 2022, and in 2023 a new revolving credit facility of MNOK 230 was signed which replaced the two existing agreements.

Furthermore a new term loan has been signed during 2023 of MNOK 125 related to the expansion of the warehouse in Sweden. The bank loan mature May 2026. The interest rate of the majority of the total term loan is fixed through interest rate swap agreements. For the revolving credit facility and overdraft, the average interest rate was 5,4%

Total loans include secured liabilities (bank and collateralised loan) of TNOK 521 661 (2022: TNOK 551 646) and revolving credit facility of TNOK 0 (2022: TNOK 0). The group has a bank overdraft of TNOK 247 000 which was partially used 289 days during the year (284 days), but not at year end. The Bank loans are secured by 100% of the shares in Kid Interiør AS.

TNOK 395 000 (included in the 1-5 years in table below) of the external loan with floating interest rate is swapped to a fixed interest rate of 1.876% by means of interest rate derivatives to maintain the desired split between fixed and floating interest rates and is subject to hedge accounting.

TSEK 25 200 (included in the 1-5 years in table below) of the external loan with floating interest rate is swapped to fixed interest rates of 1.460% and currency SEK by means of a cross currency interest rate derivative to maintain the desired split between fixed and floating interest rates and currency exposure. The effect of change in the fair value of the derivative is booked against financial income/expense.

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 2023 or 2022, 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:

	2023	2022
6 months or less	10,000	10,000
6-12 months	20,000	20,000
1-5 years	491,661	521,646
Total liabilities to financial institutions	521,661	551,646

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

	2023	2022
Bank loans	521,661	551,646
Total carrying amount of liabilities to financial institutions	521,661	551,646

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 521 700 loan, where the group entered an interest swap agreement in 2019 covering TNOK 395 000 as well as a cross-currency interest swap covering TSEK 45,000.

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

	2023	2022
NOK	496,661	496,646
SEK (through swap-agreement)	25,000	55,000
Total	521,661	551,646

The Group has the following granted loan facilities:

	2023	2022
Term loan	125,000	-
Revolving credit facility	230,000	130,000
Short term credit facility		100,000
Unused bank overdraft	247,000	247,000
Employee tax guarantee	21,800	21,300
Letter of credit limit	115,000	115,000

Following covenants is regulated by contract:

During 2023, a new agreement has been signed with Nordea. The definition of EBITDA has been updated to match the reported figures (incl. IFRS 16) and the covenant requirement of LTM EBITDA increased to MNOK 300 accordingly.

	Interval	Limit 2023	Limit 2022
2023: NIBD/EBITDA incl IFRS 16 (2022: NIBD/EBITDA excl IFRS 16)	annually	2.25	2.25
2023: EBITDA Last twelve months (in NOK millions) incl IFRS 16 (2022: excl IFRS 16)	quarterly	300	175

The Group has been compliant with covenants at all intervals.

NOTE 19 | OTHER OPERATING EXPENSES AND OTHER SHORT TERM LIABILITIES

Other operating expenses		2023	2022
Rental costs for shops and storage (incl shared operating expenses)	24	122,492	109,812
Advertising and other marketing costs		137,259	133,551
Other expenses		254,619	260,835
Total other expenses		514,371	504,198

Other short term liabilities		2023	2022
Salary related accruals		108,306	96,042
Goods in transit		5,180	28,440
Giftcards, store credits and other sales related accruals		27,826	35,263
Accrued rental expenses		4,327	13,396
Other accruals		45,986	28,674
Total other short term liabilities		191,626	201,815

NOTE 20 | POST-EMPLOYMENT 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. 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 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:	2023	2022
Pensions earned this year – the group pension scheme	16,925	17,417
Pensions earned this year – the agreed early retirement scheme (AFP)	728	872
Social security fees	3,525	3,630
Net pension expenses	21,178	21,919

20.1 AFP scheme

The subsidiary Kid Logistikk AS and 16 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 21 | RELATED PARTIES

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

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 year-end balance that have been entered into with related parties during the total year of 2023 and 2022:

Related party	2023	2022
Prognosgatan Holding AS (Loan)	50,702	23,795
Total	50,702	23,795

NOTE 22 | HEDGE ACCOUNTING AND RESERVES**Cash flow hedge reserve**

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 or are closely aligned with the terms of the hedged item, being currencies, amount and maturity. The group therefore performs a qualitative assessment of effectiveness and monitor the forecasted purchases on a regular basis to ensure that the forward contracts match the purchases and are used within the acceptable period in accordance with the policy. 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 assess effectiveness relating to the hedge ratio and rebalances the contracts to ensure 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."

Currency hedges

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. The group treasury's risk management policy is to hedge up to a 100% of forecasted US dollar cash flows for inventory purchases up to 9-11 months in advance, subject to a review of the cost of implementing each hedge. In Kid, 100% of forecasted EUR cash flows for inventory purchases up to 9-11 months in advance are also hedged.

For the year ended 31 December 2023, approximately 100% of inventory purchases were hedged in respect of foreign currency risk. At 31 December 2023, approximately 100% of forecasted US dollar inventory purchases during 2023 qualified as 'highly probable' forecast transactions for hedge accounting purposes [for 2022, approximately 100% of inventory purchases were hedged and approximately 100% of the purchases qualified as 'highly probable' as at 31 December 2022]. As such, no inefficiency was recognised in 2023 (or in 2022). The weighted average buy rate for SEK/USD currency hedges realized in 2023 was 10.12 compared to a weighted average spot rate of 10.71. For NOK/USD currency hedges realized in 2023 the weighted average buy rate was 9.63 compared to a weighted average spot rate of 10.58. "

Interest hedges

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, 2023 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.

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 hedged. In the interest rate swap, Kid pay a fixed interest rate of 1,876% and receive NIBOR. The swap has a duration until 16 August 2029. The effect on interest expense in 2023 related to the interest rate swap was NOK 8,238,010 (NOK -731,562).

There was no recognised ineffectiveness during 2023 (or in 2022) in relation to the interest rate swap.

Reconciliation of Other reserves	Currency cash flow hedges	Interest cash flow hedges	Translation difference	Total
Opening balance net of tax 01.01.2023	21,044	22,692	-13,092	30,643
Changes in fair value through OCI	38,578	-271		38,307
Changes in deferred tax on cash flow hedges through OCI	-8,566	60		-8,506
Realized cash flow hedges net of tax	-92,575			-92,575
Translation difference			24,559	24,559
Closing balance net of tax 31.12.2023	-41,519	22,480	11,467	-7,571

Reconciliation of Other reserves	Currency cash flow hedges	Interest cash flow hedges	Translation difference	Total
Opening balance net of tax 01.01.2022	11,309	-2,163	-4,171	4,975
Changes in fair value through OCI	131,210	31,866		163,076
Changes in deferred tax on cash flow hedges through OCI	-28,866	-7,010		-35,877
Realized cash flow hedges net of tax	-92,609			-92,609
Translation difference			-8,920	-8,920
Closing balance net of tax 31.12.2022	21,044	22,692	-13,092	30,643

At year end the fair value of the hedging instruments were as follows:

31 December 2023	Changes over OCI		Changes over P&L	
	Derivative assets	Derivative liabilities	Derivative assets	Derivative liabilities
Currency cash flow hedges	-	53,748		
Interest cash flow hedges	28,991	-		
Cross currency interest swap			346	
Sum	28,991	53,748	346	-

31 December 2022	Changes over OCI		Changes over P&L	
	Derivative assets	Derivative liabilities	Derivative assets	Derivative liabilities
Currency cash flow hedges	25,440	7,229		
Interest cash flow hedges	29,338	-		
Cross currency interest swap			4,672	
Sum	54,778	7,229	4,672	-

NOTE 23 | NET DEBT RECONCILIATION

The below table sets out an overview over net debt.

	2023	2022
Cash and cash equivalents	225,065	75,721
Borrowings - repayable within one year (including overdraft)	-30,000	-30,000
Borrowings - repayable after one year	-491,661	-521,646
Lease liabilities - payed within one year	-305,640	-258,257
Lease liabilities - payed after one year	-779,287	-523,528
Net debt	-1,381,522	-1,257,710
Cash and liquid investments	225,065	75,721
Gross debt - fixed interest rates	-521,661	-551,646
Gross debt - variable interest rates	-	0
Lease liabilities	-1,084,927	-781,785
Net debt	-1,381,522	-1,257,710

	Lease liability	Borrowings	Total debt	Cash / bank overdraft	Total net debt
Opening balance at 1 January 2023	-781,785	-551,646	-1,333,431	75,721	-1,257,710
Cash flows	-	-	-	140,257	140,257
Proceeds from borrowings	-	-160,000	-160,000	-	-160,000
Repayment of principals	296,250	190,000	486,250	-	486,250
			-		
Non Cashflow activities					
New lease liabilities	-573,430	-	-573,430	-	-573,430
Foreign exchange adjustments and other adjustments	-25,962	-15	-25,977	9,087	-16,890
Closing balance at 31 December 2023	-1,084,927	-521,661	-1,606,588	225,065	-1,381,522

Opening balance at 1 January 2022	-767,287	-546,628	-1,313,915	239,331	-1,074,584
Cash flows	-	-	-	-164,302	-164,302
Proceeds from borrowings	-	-230,000	-230,000	-	-230,000
Repayment of principals	263,350	225,119	488,469	-	488,469
			-		
Non Cashflow activities					
New lease liabilities	-283,391	-	-283,391	-	-283,391
Foreign exchange adjustments and other adjustments	5,543	-137	5,406	693	6,099
Closing balance at 31 December 2022	-781,785	-551,646	-1,333,431	75,721	-1,257,710

NOTE 24 | LEASES

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.

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 incremental borrowing rate used takes into consideration the length of the contract as well as whether the location of the store is central or not.

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.

Right of-use-assets	2023	2022
Carrying amount at 01.01.	760,734	756,940
Additions and adjustments*	573,430	283,391
Depreciation	-311,560	-273,530
Currency translation differences	27,424	-6,067
Net carrying amount 31.12.	1,050,028	760,734

Lease liabilities	2023	2022
Carrying amount at 01.01.	781,785	767,287
Additions and adjustments*	573,430	283,391
Interest expense	43,333	28,497
Lease payments	-339,583	-291,320
Currency translation differences	25,962	-6,070
Total lease liabilities 31.12.	1,084,927	781,785

* Included in additions and adjustments are new contracts, renegotiated contracts, extensions and index adjustments on existing contracts. In 2023 the lease contract related to the new warehouse in Sweden was included in IFRS 16 as well as several Extended-stores, resulting in material additions. Refer to note 5 for more information on extension options

Lease contracts is mainly related to rental agreements for stores and warehouse. Indicators of impairment of right of use contracts have been assessed at the lowest CGU level, being the stores. Management concluded that there were no indicators as per 31 December 2023.

The group have lease contracts with turnover based lease payments. This represent variable lease payments that is not included in the lease liability, but recognised as an expense as incurred. In addition the lease contracts includes some variable non lease components related to shared operating expenses for the buildings and shared marketing. The variable lease payments and non-lease components are disclosed in the table below:

	2023	2022
Variable lease payments	19,939	18,040
Shared operating costs	80,314	71,374
Marketing costs	22,239	20,398
Sum	19	122,492

Lease payments	339,583	291,320
Total payments related to lease contracts	462,075	401,132

	2023	2022
Number of lease contracts	294	288
Right to renewal of lease contract	97	83
Percentage of lease contracts with option to renewal	33%	29%

Number of lease contracts by geography	2023	2022
Norway	156	150
Sweden	123	124
Finland	8	8
Estonia	7	6

NOTE 25 | SUBSEQUENT EVENTS

On February 20th 2024, Gjelsten Holding AS sold remaining 4,161,291 shares in Kid ASA, which represents 10.24% of the Company's share capital.

ALTERNATIVE PERFORMANCE MEASURES AND DEFINITIONS

- **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.
- **Revenue growth** represents the growth in revenue for the current reporting period compared to the comparative period the previous year. Revenue growth for Hemtex is calculated in constant currency. Revenue growth is an important key figure for the KID Group and the user of financial statements as it illustrates the underlying organic revenue growth.
- **Gross profit** is defined as revenue minus the cost of goods sold (COGS). The gross profit represents sales revenue that the Group retains after incurring the direct costs associated with the purchase and distribution of the goods.
- **Gross margin** is defined as Gross profit divided by Revenue. The gross margin reflects the percentage margin of the sales revenue that the Group retains after incurring the direct costs associated with the purchase and distribution of the goods and is an important internal KPI.
- **OPEX to sales ratio** is the sum of Employee benefits expense and Other operating expenses divided by Revenue. The OPEX to sales ratio measures operating cost efficiency as percentage of sales revenue and is an important internal KPI.
- **EBITDA** is earnings before tax, interests, amortisation of other intangibles and depreciation and write-down of property, plant and equipment and right-of-use assets. The performance measure is an important key figure for Kid Group and considered useful to the users of the financial statements when evaluating operational profitability on a more variable cost basis as it excludes amortisation and depreciation expense related to capital expenditure.
- **EBITDA margin** is EBITDA divided by Total revenue. The performance measure is an important key figure for Kid Group and considered useful to the users of the financial statements when evaluating operational efficiency on a more variable cost basis as it excludes amortisation and depreciation expense related to capital expenditure.
- **EBIT** (earnings before interest, tax) is operating profit. The performance measure is considered useful to the users of the financial statements when evaluating operational profitability.
- **EBIT margin** is EBIT divided by Total revenue. The performance measure is an important key figure for Kid Group and considered useful to the users of the financial statements when evaluating operational efficiency.
- **Net Capital expenditure** represent the cash flow from the investment spending in property, plant and equipment and other intangibles, less sale such asset.
- **Net Income** is profit (loss) for the period.
- **Constant currency** is exchange rates that the Group uses to eliminate the effect of exchange rates fluctuations when calculating financial performance numbers.
- **Gearing ratio** is defined as net interest-bearing debt divided by LTM EBITDA excluding IFRS 16 effects.



FINANCIAL STATEMENTS

KID ASA 2023



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KID ASA – STATEMENT OF INCOME

(All amounts in NOK 1000 unless otherwise stated)

	Note	2023	2022
Management fee	1	4,883	3,520
Personnel expenses	2	8,789	6,543
Other operating expenses	2	6,584	6,606
Total operating expenses		15,373	13,149
Depreciation		6,448	3,206
Operating profit		-16,938	-12,835
Income from subsidiaries and associated companies	3	379,583	282,750
Interest income from group companies		4,229	3,513
Other interest income	4	8,637	830
Other interest expenses	4	34,685	19,321
Other financial expenses		2,062	2,897
Profit before tax		338,764	252,040
Tax on ordinary result	6	74,295	55,449
Net profit or loss for the year		264,469	264,469
Profit attributable to:			
Allocated dividend		142,258	121,935
Dividend prepayment 2023		111,774	101,613
Allocated to other equity		10,437	-26,957
Total allocation		264,469	196,591

KID ASA – BALANCE SHEET / ASSETS

(All amounts in NOK 1000 unless otherwise stated)

	Note	2023	2022
NON-CURRENT ASSETS			
Financial fixed assets			
Investments in subsidiaries	3.6	1,324,500	1,324,500
Loan to group companies	7	53,783	78,509
Total financial fixed assets		1,378,283	1,403,008
Software	11	37,602	31,945
Total intangible assets		37,602	31,945
Total non-current assets		1,415,885	1,434,954
CURRENT ASSETS			
Other receivables	7	504,117	341,257
Cash and bank deposits	9	168,730	45,717
Total current assets		672,847	386,974
TOTAL ASSETS		2,088,732	1,821,928

KID ASA – BALANCE SHEET / EQUITY & LIABILITIES

(All amounts in NOK 1000 unless otherwise stated)

	Note	2023	2022
Paid-up equity			
Share capital			
Share premium reserve	10,11	48,774	48,774
Other paid-up equity	11	321,049	321,049
Total paid-up equity	11	64,617	64,617
Total paid-up equity		434,440	434,440
Retained earnings			
Other equity	11	370,638	360,201
Total retained earnings		370,638	360,201
TOTAL EQUITY	11	805,078	794,641
Deferred tax	5	1,651	367
Other long-term liabilities			
Liabilities to financial institutions	2	491,590	521,541
Total other long term liabilities		491,590	521,541
CURRENT LIABILITIES			
Liabilities to financial institutions	6.12	30,000	30,000
Trade creditors		3,063	1,532
Tax payable	5	73,382	56,812
Dividend		142,258	121,935
Other current debt	7.9	541,711	295,099
Total short term liabilities		790,413	505,379
Total liabilities		1,283,654	1,027,287
TOTAL EQUITY AND LIABILITIES		2,088,732	1,821,927

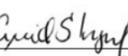
Lier, 16 April 2024

The board of directors, KID ASA


Petter Schouw-Hansen
Chairman


Rune Marsdal
Board member


Liv Berstad
Board member


Gyrid Skalleberg Ingerø
Board member


Karin Bing Orgland
Board member


Espen Gundersen
Board member


Anders Fjeld
Chief Executive Officer



KID ASA – CASH FLOW STATEMENT

(All amounts in NOK 1000 unless otherwise stated)

	Note	2023	2022
CASH FLOW FROM OPERATIONS			
Profit before income taxes		338,764	252,040
Depreciation	7	6,448	3,206
Taxes paid in the period	5	-56,578	-80,968
Change in trade creditors		1,531	228
Change in other provisions and cash pool arrangement	9	77,599	-74,054
Net cash flow from operations		367,763	100,452
CASH FLOW FROM INVESTMENTS			
Increase in investments in subsidiaries		0	-38,371
Investment in software		-12,105	-13,341
Net cash flow from investments		-12,105	-51,712
CASH FLOW FROM FINANCING			
Proceeds from short/long term loans	12	160,000	230,000
Repayment of short/long term loans	12	-190,000	-225,118
Change in borrowings to group companies		31,065	28,302
Payment of dividends		-233,710	-264,194
Net cash flow from financing		-232,645	-231,010
Net change in cash and cash equivalents		123,013	-182,270
Exchange gain /(losses) on cash and cash equivalents		-	-
Cash and cash equivalents at the beginning of the period		45,718	227,988
Cash and cash equivalents at the end of the period		168,731	45,718

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.

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 | RELATED-PARTY TRANSACTIONS

The balance with group companies is disclosed in note 7.

Transactions with related parties

	2023	2022
Transactions with Group companies	4,883	3,520
Interest income from Group companies	4,229	3,513

NOTE 2 | PAYROLL EXPENSES, NUMBER OF EMPLOYEES, REMUNERATIONS, LOANS TO EMPLOYEES, ETC.**Payroll expenses**

	2023	2022
Salaries/wages	-	-
Social security fees	412	266
Board remuneration	2,538	3,187
Pension expenses	-	-
Other remuneration	-	-
Total	2,951	3,453

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

	2023	2022
Statutory audit (incl. technical assistance with financial statements)	808	719
Other assurance services	166	-
Tax advisory fee (incl. technical assistance with tax return)	-	-
Other assistance (IFRS conversion and quarterly reports)	-	-
Total audit fees	974	719

NOTE 3 | SUBSIDIARIES, ASSOCIATED COMPANIES, AND JOINT VENTURES**Parent company**

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

Subsidiaries	Location	Ownership/ voting right	Equity last year (100%)	Result last year (100%)	Balance sheet value
Kid Interiør AS	Lier, Norway	100%	126,066	297,220	1,204,158
Hemtex AB*	Borås, Sweden	100%	436,027	69,576	81,942
Kid Eiendom AS	Lier, Norway	100%	2,070	1,428	30
Kid International Logistics AB	Borås, Sweden	100%	32,222	-8,099	38,369
Balance sheet value 31.12.23					1,324,500

NOTE 4 | SPECIFICATION OF FINANCIAL INCOME AND EXPENSES**Financial income**

	2023	2022
Interest income from group entities	4,229	3513
Interest income	6,170	830
Other financial income incl currency gain	2,467	-
Total financial income	12,865	4,343

Financial expenses

	2023	2022
Interest expenses	34,132	17,941
Other financial expenses incl currency loss	2,615	4,277
Total financial expenses	36,747	22,218

NOTE 5 | TAXES**Basis for income tax expenses, changes in deferred tax and tax payable**

	2023	2022
Result before taxes	338,764	252,040
Permanent differences	528	0
Basis for the tax expense for the year	339,292	252,040
Change in temporary differences	-5,516	5,660
Basis for payable taxes in the income statement	333,776	25,700
+/- Group contributions received/given	-	-
Taxable income (basis for payable taxes in the balance sheet)	333,776	257,700

Components of the income tax expenses

	2023	2022
Tax rate	22%	22%
Payable tax on this year's result	73,382	56,694
Tax effect of differences between reported and booked tax last year	-301	-
Total payable tax	73,081	56,694
Change in deferred tax based on original tax rate	1,214	-1,245
Change in deferred tax due to change in tax rate	-	-
Tax expense	74,295	55,449

Tax expense as a percentage of profit before tax

	22%	22%
--	-----	-----

Payable taxes in the balance sheet

Payable tax in the tax charge	73,382	56,694
Tax effect of group contribution	-	-
Tax effect of Skattefunn	-	-137
Payable tax in the balance sheet	73,382	56,557

Temporary differences included in the basis of deferred tax/tax asset		
Unrealized currency gain/loss long term	8,871	2,532
Interest rate swap	-1,368	-945
Basis for deferred tax/tax asset	7,504	1,588
Deferred tax recognised	1,651	367

NOTE 6 | DEBTORS AND LIABILITIES

	2023	2022
Liabilities secured by mortgage	-521,700	-551,700
Balance sheet value of assets placed as security:		
Shares	1,286,100	1,286,100
Total	1,286,100	1,286,100

NOTE 7 | BALANCE WITH GROUP COMPANIES, ETC.

	Loan to group companies		Other receivables	
	2023	2022	2023	2022
Group companies	53,783	78,509	497,721	335,472
Total	53,783	78,509	497,721	335,472

	Other current debt	
	2023	2022
Debt to Group companies	528,255	285,439
Total	528,255	285,439

Please also refer to note 9 Cash and cash equivalents for information regarding the Company's cash pool arrangement

NOTE 8 | INTANGIBLE ASSETS

	Software
At 1 January 2022	17,313
Additions	17,839
Depreciation	-3,206
Net book value as at 31 December 2022	31,945
At 1 January 2023	31,945
Additions	12,105
Depreciation	-6,448
Net book value as at 31 December 2023	37,602

Useful life 4-7 years

NOTE 9 | 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 Interiør AS, Kid Logistikk AS, Hemtex AB, Hemtex International AB and Hemtex OY. The cash pool has a maximum credit of MNOK 247, which has not been used at year end.

The following balances relate to the cash pool arrangement:

	2023	2022
Cash and bank deposits	168,730	45,717
Current debt to Group companies	527,834	284,519

There are no restricted funds. The Company has an employee tax guarantee limit of TNOK 1500

NOTE 10 | SHAREHOLDERS' EQUITY

Equity changes in the year	Share capital	Share premium	Other paid-in equity	Other equity	Total
Equity 01.01.23	48,774	321,049	64,617	360,201	794,641
Profit for the year	-	-	-	264,469	264,469
Dividend pre-payment nov 23	-	-	-	-111,774	-111,774
Proposed dividends 31.12.23	-	-	-	-142,258	-142,258
Equity 31.12.23	48,774	321,049	64,617	370,638	805,077



NOTE 11 | 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 31.12.23 was:

Shareholder	Ownership
Gjelsten Holding AS	10.24%
Pareto Aksje Norge Verdipapirfond	7.51%
Verdipapirfondet Alfred Berg Gamba	7.16%
Société Générale	5.04%
Folketrygdfondet	4.66%
Salt Value AS	4.45%
Stenshagen Invest AS	3.60%
Verdipapirfondet Holberg Norge	3.36%
VJ Invest AS	2.89%
J.P. Morgan SE	2.69%
Forsvarets Personellservice	1.74%
Varner Equities AS	1.70%
Landkreditt Utbytte	1.67%
Vevlen Gård AS	1.43%
Verdipapirfondet Nordea Avkastning	1.37%
Brown Brothers Harriman & Co.	1.32%
Verdipapirfondet KLP Aksjenorge	1.28%
Hausta Investor AS	1.23%
Verdipapirfondet Eika Norge	1.14%
Goldman Sachs International	1.02%

Key Management Personnel Share holdings	31.12.2023	31.12.2022
Anders Fjeld	138,000	130,000
Mads Kigen	500	na
Eystein Lund	na	50,286
Anders Lorentzson	-	-
Board of Directors		
Petter Schouw-Hansen	54,808	54,808
Liv Berstad	1,270	-
Gyrid Skalleberg Ingerø	3,007	3,007
Karin Bing Orgland	32,629	32,629
Rune Marsdal	20,427	20,427
Espen Gundersen	7,000	4,000

NOTE 12 | 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 521.6 term loan, Kid ASA also have a MNOK 247 flexible credit facility and a MNOK 230 overdraft credit facility that are used during the year. At year-end MNOK 0 (MNOK 0) has been drawn of the overdraft facility. 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 29.00 (MNOK 29.34). Gains or losses on the derivative instrument is recognised when the instrument expires, is sold or terminated. In addition the Company entered into a cross-currency interest swap during 2021 of MNOK 115. The fair value at year end was MNOK 0.35 (MNOK 4.67). No contracts expired, was sold or terminated during the year, as such no gains or losses was recognised in 2023 or in 2022. Please refer to note 3 Financial risk management in Kid Group for further information on derivative contracts.

NOTE 13 | SUBSEQUENT EVENTS

There have been no 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 2023 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, 16 April 2024

The board of directors, KID ASA


Petter Schouw-Hansen
Chairman


Rune Marsdal
Board member


Liv Berstad
Board member


Gyrid Skalleberg Ingero
Board member


Karin Bing Orgland
Board member


Espen Gundersen
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 2021, the statement of income and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The consolidated financial statements of KID ASA and its subsidiaries (the Group), which comprise the statement of financial position as at 31 December 2021, the statement of profit and loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- the financial statements comply with applicable statutory requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2021, 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, and
- the financial statements give a true and fair view of the financial position of the Group as at 31 December 2021, 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.

Our opinion is consistent with our additional report to the Audit Committee.

Basis for Opinion

We conducted our audit in accordance with 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 the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), 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.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

We have been the auditor of the Company for 17 years from the election by the general meeting of the shareholders on 23 June 2005 for the accounting year 2005.

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Statsautoriserte revisorer, medlemmer av Den norske Revisorforening og autorisert regnskapsførerselskap

Independent Auditor's Report - KID ASA



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 KID Trademark* carries the same characteristics and risks this year and has consequently been in our focus for the 2021 audit.

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 2021.

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 2021 estimated cash flows used in last year's impairment test with the actual cash flows in 2021. Only minor deviations were noted.

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 markets 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.

(2)

Independent Auditor's Report - KID ASA



Other Information

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report and the other information accompanying the financial statements. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report nor the other information accompanying the financial statements.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report and the other information accompanying the financial statements. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the other information accompanying the financial statements and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report and the other information accompanying the financial statements otherwise appears to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report or the other information accompanying the financial statements. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable legal requirements.

Our opinion on the Board of Director's report applies correspondingly to the statements on Corporate Governance and Corporate Social Responsibility.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's or the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves 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 Audit Committee 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.

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Report on Other Legal and Regulatory Requirements

Report on compliance with Regulation on European Single Electronic Format (ESEF)

Opinion

We have performed an assurance engagement to obtain reasonable assurance that the financial statements with file name "5967007LIEEXZXH53K17-2021-12-31-en.zip" have been prepared in accordance with Section 5-5 of the Norwegian Securities Trading Act (Verdipapirhandelloven) and the accompanying Regulation on European Single Electronic Format (ESEF).

In our opinion, the financial statements have been prepared, in all material respects, in accordance with the requirements of ESEF.

Management's Responsibilities

Management is responsible for preparing, tagging and publishing the financial statements in the single electronic reporting format required in ESEF. This responsibility comprises an adequate process and the internal control procedures which management determines is necessary for the preparation, tagging and publication of the financial statements.

Auditor's Responsibilities

For a description of the auditor's responsibilities when performing an assurance engagement of the ESEF reporting, see: <https://revisorforeningen.no/revisjonsberetninger>

Oslo, 7 April 2022

PricewaterhouseCoopers AS


Geir Haglund
State Authorised Public Accountant

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Financial calendar 2024

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 07:30 (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:

Q2-2024 revenue – 05.07.2024

Q3-2024 revenue – 12.10.2024

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**

16 May 2024

Q1

16 May 2024

Q2

22 August 2024

Q3

12 November 2024



Kid

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