Brønnøysundregistrene

ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2018 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer:	912 014 975
Organisasjonsform:	Aksjeselskap
Foretaksnavn:	COSMETIC GROUP AS
Forretningsadresse:	c/o Cosmetic Group AS
	Haslevangen 15
	0579 OSLO

Regnskapsår

Årsregnskapets periode:	01.01.2018 - 31.12.2018

Konsern

Morselskap i konsern:	Ja
Konsernregnskap lagt ved:	Ja

Regnskapsregler

Regler for små foretak benyttet:	Nei
Benyttet ved utarbeidelsen av årsregnskapet til selskapet:	Regnskapslovens alminnelige regler
Benyttet ved utarbeidelsen av årsregnskapet til konsernet:	IFRS

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet:	Lars Westby
Dato for fastsettelse av årsregnskapet:	30.06.2019

Grunnlag for avgivelse

År 2018: Årsregnskapet er elektronisk innlevert
År 2017: Tall er hentet fra elektronisk innlevert årsregnskap fra 2018

Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.

Brønnøysundregistrene, 06.09.2019

Resultatregnskap

Beløp i: NOK	Note	2018	2017
RESULTATREGNSKAP			
Inntekter			
Sum inntekter		**0**	**0**
Kostnader			
Employee benefits expense	1	578 000	865 000
Other operating expenses	1,2,11	11 587 000	8 507 000
Sum kostnader		**12 165 000**	**9 372 000**
Driftsresultat		**-12 165 000**	**-9 372 000**
Finansinntekter og finanskostnader			
Income from subsidiaries	3,4	33 997 000	65 000 000
Renteinntekt fra foretak i samme konsern		740 000	874 000
Other financial income			7 000
Sum finansinntekter		**34 737 000**	**65 881 000**
Rentekostnad til foretak i samme konsern		345 000	323 000
Annen rentekostnad		28 914 000	30 542 000
Other financial expense			57 781 000
Sum finanskostnader		**29 259 000**	**88 646 000**
Netto finans		**5 478 000**	**-22 765 000**
Ordinært resultat før skattekostnad		**-6 687 000**	**-32 137 000**
Tax on ordinary result	5	-528 000	7 872 000
Ordinært resultat etter skattekostnad		**-6 159 000**	**-40 009 000**
Årsresultat		**-6 159 000**	**-40 009 000**
Årsresultat etter minoritetsinteresser		**-6 158 000**	**-40 008 000**
Overføringer og disponeringer			
Udekket tap	6	-3 883 000	
To/from other equity	6	-2 274 000	-40 008 000
Sum overføringer og disponeringer		**-6 157 000**	**-40 008 000**

Resultatregnskap

Beløp i: NOK	Note	2018	2017

Balanse

Beløp i: NOK	Note	2018	2017
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Finansielle anleggsmidler			
Investering i datterselskap	3	682 415 000	682 415 000
Sum finansielle anleggsmidler		**682 415 000**	**682 415 000**
Sum anleggsmidler		**682 415 000**	**682 415 000**
Omløpsmidler			
Varer			
Fordringer			
Trade receivables			99 000
Other short-term receivables		193 000	-284 000
Konsernfordringer	4	34 341 000	65 339 000
Sum fordringer		**34 534 000**	**65 154 000**
Bankinnskudd, kontanter og lignende			
Bank deposits, cash in hand, etc.	7	7 123 000	14 738 000
Sum bankinnskudd, kontanter og lignende		**7 123 000**	**14 738 000**
Sum omløpsmidler		**41 657 000**	**79 892 000**
SUM EIENDELER		**724 072 000**	**762 307 000**
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Share capital	6,8	169 013 000	169 013 000
Sum innskutt egenkapital		**169 013 000**	**169 013 000**
Opptjent egenkapital			

Balanse

Beløp i: NOK	Note	2018	2017
Other equity	6		2 275 000
Udekket tap	6	3 883 000	
Sum opptjent egenkapital		**-3 883 000**	**2 275 000**
Sum egenkapital		**165 130 000**	**171 288 000**
Gjeld			
Langsiktig gjeld			
Utsatt skatt	5	1 308 000	1 836 000
Sum avsetninger for forpliktelser		**1 308 000**	**1 836 000**
Annen langsiktig gjeld			
Gjeld til kredittinstitusjoner	9		537 933 000
Langsiktig konserngjeld	4	8 432 000	8 075 000
Sum annen langsiktig gjeld		**8 432 000**	**546 008 000**
Sum langsiktig gjeld		**9 740 000**	**547 844 000**
Kortsiktig gjeld			
Liabilities to financial institutions	9	540 358 000	
Leverandørgjeld		445 000	1 455 000
Income tax payable	5		8 438 000
Public duties payable		1 243 000	344 000
Kortsiktig konserngjeld	4	38 000	393 000
Other currents liabilities	10	7 119 000	32 545 000
Sum kortsiktig gjeld		**549 203 000**	**43 175 000**
Sum gjeld		**558 943 000**	**591 019 000**
SUM EGENKAPITAL OG GJELD		**724 073 000**	**762 307 000**

Konsernets resultatregnskap

Beløp i: NOK	Note	2018	2017
RESULTATREGNSKAP			
Inntekter			
Salgsinntekt		1 345 915 000	1 313 382 000
Sum inntekter		**1 345 915 000**	**1 313 382 000**
Kostnader			
Varekostnad		706 457 000	671 645 000
Lønnskostnad		102 636 000	78 425 000
Avskrivning på varige driftsmidler og immaterielle eiendeler		44 452 000	51 756 000
Annen driftskostnad		463 944 000	433 462 000
Sum kostnader		**1 317 489 000**	**1 235 288 000**
Driftsresultat		**28 426 000**	**78 094 000**
Finansinntekter og finanskostnader			
Annen renteinntekt		1 791 000	1 442 000
Sum finansinntekter		**1 791 000**	**1 442 000**
Annen rentekostnad		33 904 000	37 876 000
Sum finanskostnader		**33 904 000**	**37 876 000**
Netto finans		**-32 113 000**	**-36 434 000**
Ordinært resultat før skattekostnad		**-3 687 000**	**41 660 000**
Skattekostnad på ordinært resultat		564 000	14 349 000
Ordinært resultat etter skattekostnad		**-4 251 000**	**27 311 000**
Årsresultat		**-4 251 000**	**27 311 000**
Net profit from disc. business			-26 300 000
Totalresultat			**1 011 000**
Overføringer og disponeringer			
Overføring til/fra fond		-4 251 000	1 011 000
Sum overføringer og disponeringer		**-4 251 000**	**1 011 000**

Konsernets balanse

Beløp i: NOK	Note	2018	2017
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Konsesjoner, patenter, lisenser, varemerker og lignende rettigheter		75 200 000	65 008 000
Utsatt skattefordel		6 378 000	6 019 000
Goodwill		473 987 000	473 987 000
Sum immaterielle eiendeler		**555 565 000**	**545 014 000**
Varige driftsmidler			
Maskiner og anlegg		57 600 000	73 605 000
Sum varige driftsmidler		**57 600 000**	**73 605 000**
Sum anleggsmidler		**613 165 000**	**618 619 000**
Omløpsmidler			
Varer			
Varer		338 179 000	342 658 000
Sum varer		**338 179 000**	**342 658 000**
Fordringer			
Kundefordringer		13 346 000	40 417 000
Andre fordringer		29 147 000	20 748 000
Sum fordringer		**42 493 000**	**61 165 000**
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende		23 267 000	59 362 000
Sum bankinnskudd, kontanter og lignende		**23 267 000**	**59 362 000**
Sum omløpsmidler		**403 939 000**	**463 185 000**
SUM EIENDELER		**1 017 104 000**	**1 081 804 000**

BALANSE - EGENKAPITAL OG GJELD

Konsernets balanse

Beløp i: NOK	Note	2018	2017
Egenkapital			
Innskutt egenkapital			
Selskapskapital		169 013 000	169 013 000
Sum innskutt egenkapital		**169 013 000**	**169 013 000**
Opptjent egenkapital			
Annen egenkapital		17 624 000	20 970 000
Sum opptjent egenkapital		**17 624 000**	**20 970 000**
Sum egenkapital		**186 637 000**	**189 983 000**
Gjeld			
Langsiktig gjeld			
Annen langsiktig gjeld			
Gjeld til kredittinstitusjoner			537 933 000
Sum annen langsiktig gjeld			**537 933 000**
Sum langsiktig gjeld		**0**	**537 933 000**
Kortsiktig gjeld			
Gjeld til kredittinstitusjoner		540 358 000	26 800 000
Leverandørgjeld		180 355 000	202 586 000
Betalbar skatt		17 000	15 542 000
Annen kortsiktig gjeld		109 738 000	108 959 000
Sum kortsiktig gjeld		**830 468 000**	**353 887 000**
Sum gjeld		**830 468 000**	**891 820 000**
SUM EGENKAPITAL OG GJELD		**1 017 105 000**	**1 081 803 000**

Skatteetaten

Vår dato	Din dato	Saksbehandler
02.07.2018	27.06.2018	Jeanette Munkvold Skovholt
800 80 000	Din referanse	Telefon
Skatteetaten.no	Lars Westby	90076012
Org.nr	Vår referanse	Postadresse
996250318	2018/847027	Postboks 9200 Grønland 0134 Oslo

COSMETIC GROUP AS
Postboks 6013 Etterstad
0601 OSLO

Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk

Vi viser til deres brev av 27. juni 2018 der det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for følgende selskap:

- Aventure Holding AS, org.nr. 911 670 399
- Holly Holding AS, org.nr. 911 670 429
- Buddy Holding AS, org.nr. 911 670 437
- Cosmetic Group AS, org.nr. 912 014 975

Skattedirektoratet gir på bakgrunn av en konkret vurdering ovenstående selskaper dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk, jf. regnskapsloven § 3-4 tredje ledd. Dispensasjonen gjelder så lenge opplysningene som vedtaket baserer seg på ikke endres vesentlig.

Kopi av dette brevet må sendes Regnskapsregisteret i Brønnøysund sammen med årsregnskapet. Det påligger den regnskapspliktige å dokumentere ved dette brev at tillatelsen er gitt.

Bakgrunn
Selskapene er holdingselskaper eid av et fond registrert på Jersey. Flere styremedlemmer forstår kun engelsk, og arbeidsspråket i konsernet er engelsk. Styret har utenlandske medlemmer. Bransjen er butikkhandel med kosmetikk og toalettartikler. Alle sentrale aktører og samarbeidspartnere innen denne bransjen behersker og benytter engelsk.

En norsk oversettelse vil kun ha til formål å oppfylle regnskapslovens språkkrav.

Skattedirektoratets vurdering
Etter regnskapsloven § 3-4 tredje ledd skal *"årsregnskapet og årsberetningen ... være på norsk. Departementet kan ved ... enkeltvedtak bestemme at årsregnskapet og/eller årsberetningen kan være på et annet språk."*

I Ot. prp. nr. 42 (1997-1998) Om lov om årsregnskap m.v., er det uttalt følgende om regnskapslovens formål, jf. pkt. 1.1:

> *"Regjeringen har som siktemål at regnskapsloven skal bidra til informative regnskaper for ulike grupper av regnskapsbrukere. Regnskapsbrukerne er dels investorer og kreditorer som tilfører kapital til foretakene, og dels andre grupper som har interesse av å vite hvordan foretaket drives,*

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> *f.eks. de ansatte og lokalsamfunnet. Informasjonen til kapitalmarkedet skal gi grunnlag for riktig prising av finansielle objekter. Riktig prisdannelse på aksjer er en forutsetning for at ressursbruken i samfunnsøkonomien skal bli best mulig. Gode regnskaper vil også gjøre det vanskeligere for markedsdeltakere å ta ut spekulasjonsgevinster med basis i skjevt fordelt informasjon."*

Det fremgår således at et av hovedformålene med regnskapsloven er å bidra til *"informative regnskaper for ulike grupper av regnskapsbrukere"*. Regnskapsbrukere vil omfatte, jf. uttalelsen i proposisjonen, blant andre investorer, kreditorer, ansatte og lokalsamfunnet.

Det er etter Skattedirektoratets vurdering derfor avgjørende ved vurdering av om dispensasjon fra kravet til å utarbeide årsregnskap og/eller årsberetning på norsk kan gis, at det ikke foreligger mulige brukere av regnskapsinformasjon som blir vesentlig berørt negativt ved en eventuell dispensasjon.

Det er særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I denne vurderingen har Skattedirektoratet lagt vekt på at selskapene er holdingselskaper eid av et fond registrert på Jersey, og at flere styremedlemmer i selskapene er utenlandske. Arbeidsspråket er engelsk. Videre er det vektlagt at alle sentrale aktører og samarbeidspartnere innen denne bransjen behersker og benytter engelsk.

Vennligst oppgi vår referanse ved henvendelse i saken.

Med hilsen

Kari-Alice Frønsdal
underdirektør
Rettsavdelingen, foretaksskatt
Skattedirektoratet

Jeanette Munkvold Skovholt

Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer.

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Cosmetic Group - Board of Directors report 2018 ver. 8.pdf

Signers:

Name	*Method*	*Date*
Patrice Jabet	BANKID	2019-07-02 09:55 GMT+2
Nilssen, Elisabeth Rustad	BANKID	2019-07-02 12:12 GMT+2
Kristina Johansson	One-Time-Password	2019-07-02 17:22 GMT+2
Prøsch, Magnus Steinsvoll	BANKID_MOBILE	2019-07-02 20:40 GMT+2

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Board of Directors report 2018

Cosmetic Group AS and the Group of Cosmetic Group

The nature of the business and where it is operated

Cosmetic Group AS owns 100 % of the shares in VITA AS and CG Trading AS.

The company's head office is in Oslo.

VITA AS operates the VITA store chain which is the largest retail chain in Norway within the beauty and affordable wellness segment with stores located all around the country. As of 31.12.18, the total number of stores is 214 against 217 for the previous year. Additionally, the company has a web store, vita.no.

CG TRADING AS was established in 2017 and operates the LOCO store chain, which is a cosmetics chain that offers a wide selection of well-known brands and exciting new products at unrecognizable prices. The number of stores as of 31.12.18 is 23. Additionally, the company has a web store, loco.no.

Going concern

The financial statements are prepared on a going concern basis and the Board confirms that this assumption is present, according to the Norwegian Accounting Act 3-3.a,

The Board expects that physical retail in Norway will continue to be a challenging environment in 2019. The inherent uncertainties in the market have increased the internal uncertainties in the company and consequently triggered a number of counter-initiatives from management. Despite these initiatives we note that the current financial forecasts may be impaired by market conditions.

The liquidity in the company and the Group has been constrained in 2018 due to reduced sales and profitability. At year-end 2018 the Group did not comply with its financial covenants, and as a consequence all the bank debt is presented as short-term debt in the financial balance sheet. A new agreement has been put in place in April 2019 to secure additional liquidity for the Group. That additional facility falls due in December 2019. The remaining outstanding debt is due for payment medio 2021.This facility is planned to be repaid by profitability and cash flow generated in the seasonally strong fourth quarter, as well as by other measures taken by the company, including, but not limited to, continued reduced working capital levels

Elaboration of the annual accounts

The Group's revenue in 2018 was MNOK **1,346**. The Group's loss after tax was MNOK **4.3**. VITA AS is the largest company in the Group and still had acceptable earnings in 2018. The revenue was MNOK **1,227** with a profit after tax of MNOK **39.7.** CG Trading AS has positive revenue development, but is loss making. The revenue in 2018 was MNOK **MNOK 124.7**. The loss after tax was MNOK **11.8.** The Group invested MNOK **38.6** in fixed assets.

Cosmetic Group AS made a loss after tax of MNOK **6.2**. Cosmetic Group AS has received MNOK **34.0** in Group contribution from VITA AS. The company's costs are mainly debt interest. The company's equity is MNOK **165.1** as of 31.12.18.

By year end 2018 the Group was not compliant with its financial covenants. The Group and the board reached an agreement with the bank in April 2019 that secured the financing for 2019. In both VITA and LOCO the actions have been taken to improve performance. The Group is meeting all its financial obligations for the new financing by the end of June 2019. The Board is monitoring the situation closely.

In preparing the annual account, the company has prepared the impairment test of its goodwill and investment in subsidiaries. This test is depended on the future turnover and result for VITA AS. For Cosmetic Group this is related to the valuation of goodwill (valued to MNOK 473 in the Group account) and the value of shares in VITA (valued to MNOK 682) in Cosmetic Group AS account. The test did not show a need for writing down the values, however the sensitivity analysis show limited headroom, and small deviations on future margins may trigger write-downs.

The Board believes that the financial statements give a true and fair view of the company's assets and debt, financial position and earnings.

External environment

The company does not operate in a way that pollutes the external environment. The Group seeks to offer eco-friendly products in their stores which do not contain any harmful substances. VITA has also decide to expand its efforts towards offering products with organic and natural ingredients.

Work environment

The Board's perception is that there is a good working environment in all of the companies in the Group. There has not been any reports of robberies, nor any serious injuries or accidents in the company's stores in 2018. Absence due to illness in the Group's Norwegian stores is 3.1 %.

Cosmetic Group AS has as of 31.12.18 one employee. In the Group there are 147 full time equivalents.

Equality and discrimination

The Group has a goal of being a workplace where there is full equality between women and men. The company has in its policy included the matter of equality with a goal of preventing different treatment due to gender, in cases of i.e. salary, advancement and recruitment. Among the 147 employees of the Group, there are 22 men. There is two woman among the Board of Directors.

The purpose of the Discrimination Act is to promote equality, ensure equal opportunities and rights, and to prevent discrimination due to ethnicity, national origin, race, skin colour, language, religion and beliefs. The company works methodically towards a target of promoting the Act's purpose within our operations. Activities include recruitment, salary and working conditions, promotion, development opportunities and protection against harassment.

The company has a goal of being a workplace where discrimination due to impaired functioning does not occur. The company works towards a goal of designing and facilitating physical conditions so the company's different facilities can be used by as many as possible.

Market risk/credit risk/liquidity risk

The Group has limited foreign exchange exposure.. Nearly all of the sales occur in cash in Norwegian kroner (NOK). The company has not entered into any agreements to mitigate foreign exchange risk. The company and the Group are exposed to fluctuations in the interest level due to use of bank overdraft and loan agreement with the bank.

The liquidity is assessed on a frequent basis with the Group's Board, owners, and the bank.

As of 31.12.18, the company had a bank balance of MNOK **7.1**. The Group had a total of MNOK **23.3** in liquid assets as of 31.12.18, against MNOK **59.4** as of 31.12.17. The decrease can mainly be attributed to reduced sale in VITA and weaker performance in CG Trading. Additionally, there is a is a revolving credit facility including bank overdraft of up to MNOK **80.0**, subject to certain conditions, which is allocated to Cosmetic Group AS and its subsidiaries.

Allocation of annual results

The Board proposes that the company's loss of MNOK **6.2** is covered as of follows:

Transfer to other equity	MNOK **2.3**
Transfer to uncovered loss	MNOK **3.9**

Following this, the company's equity amounts to MNOK **165.1**

Oslo, 25 June 2019

The Board of Cosmetic Group AS

Marta Kristina Johansson	Patrice Jabet	Magnus Steinsvoll Prøsch
Chairman of the Board/CEO	Board member	Board member

Elisabeth Rustad-Nilssen

Board member

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Signers:

Name	*Method*	*Date*
Kristina Johansson	One-Time-Password	2019-07-02 17:21 GMT+2
Patrice Jabet	BANKID	2019-07-02 17:48 GMT+2
Prøsch, Magnus Steinsvoll	BANKID_MOBILE	2019-07-02 20:41 GMT+2
Nilssen, Elisabeth Rustad	BANKID	2019-07-02 22:04 GMT+2

Financial Statements 2018
for
Cosmetic Group AS

Organization no. 912014975

Prepared by:

Exacta Services AS
Authorised accountant company
Dyrmyrgata 4
3611 KONGSBERG
Organization no. 963740085

Cosmetic Group AS

Income statement

(Amounts in thousands)	Note	2018	2017
OPERATING REVENUE AND EXPENCES			
Operating revenue			
Total operating revenue		**0**	**0**
Operating expenses			
Employee benefits expense	1	578	865
Other operating expenses	1,2,11	11 587	8 507
Total operating expenses		**12 165**	**9 372**
OPERATING PROFIT OR LOSS		**(12 165)**	**(9 372)**
FINANCIAL INCOME AND EXPENSES			
Financial income			
Income from subsidiaries	3,4	33 997	65 000
Interest recieved from group companies		740	874
Other financial income		0	7
Total financial income		**34 738**	**65 881**
Financial expenses			
Interest paid to group companies		345	323
Other interests		28 914	30 542
Other financial expense		0	57 781
Total financial expenses		**29 258**	**88 645**
NET FINANCIAL INCOME AND EXPENCES		**5 479**	**(22 764)**
ORDINARY RESULT BEFORE TAXES		**(6 686)**	**(32 136)**
Tax on ordinary result	5	(528)	7 872
TOTAL RESULT		**(6 158)**	**(40 008)**
TO MAJORITY INTERESTS		**(6 158)**	**(40 008)**
APPLICATION AND ALLOC.			
To/from other equity	6	(2 274)	(40 008)
Uncovered loss	6	(3 883)	0
TOTAL APPLICATION AND ALLOCATION		**(6 158)**	**(40 008)**

Cosmetic Group AS

Balance sheet pr. 31.12.2018

(Amounts in thousands)	Note	31.12.2018	31.12.2017
ASSETS			
FIXED ASSETS			
Financial fixed assets			
Investments in subsidiaries	3	682 415	682 415
Total financial fixed assets		**682 415**	**682 415**
TOTAL FIXED ASSETS		**682 415**	**682 415**
CURRENT ASSETS			
Receivables			
Trade receivables		0	99
Receivables on group companies	4	34 341	65 339
Other short-term receivables		193	(284)
Total receivables		**34 534**	**65 153**
Bank deposits, cash in hand, etc.	7	7 123	14 738
TOTAL CURRENT ASSETS		**41 657**	**79 892**
TOTAL ASSETS		**724 073**	**762 307**

Cosmetic Group AS

Balance sheet pr. 31.12.2018

(Amounts in thousands)	Note	31.12.2018	31.12.2017
EQUITY AND LIABILITIES			
EQUITY			
Paid-in equity			
Share capital	6,8	169 013	169 013
Total paid-in equity		**169 013**	**169 013**
Retained earnings			
Other equity	6	0	2 275
Uncovered loss	6	(3 883)	0
Total retained earnings		**(3 883)**	**2 275**
TOTAL EQUITY		**165 129**	**171 287**
LIABILITIES			
NON-CURRENT LIABILITIES			
Provisions			
Deferred tax	5	1 308	1 836
Total provisions		**1 308**	**1 836**
Other non-currents liabilities			
Liabilities to financial institutions	9	0	537 933
Liabilities to group companies	4	8 432	8 075
Total other non-currents liabilities		**8 432**	**546 009**
TOTAL NON-CURRENT LIABILITIES		**9 740**	**547 845**
CURRENT LIABILITIES			
Liabilities to financial institutions	9	540 358	0
Accounts payable		445	1 455
Income tax payable	5	0	8 438
Public duties payable		1 243	344
Liabilities to group companies	4	38	393
Other currents liabilities	10	7 119	32 545
TOTAL CURRENT LIABILITIES		**549 203**	**43 175**
TOTAL LIABILITIES		**558 943**	**591 020**
TOTAL EQUITY AND LIABILITIES		**724 073**	**762 307**

Oslo, 25.06.2019

Marta Kristina Johansson
Chairman of the board / CEO

Patrice Robert Gustav Jabet
Board member

Magnus Steinsvoll Prøsch
Board member

Elisabeth Rustad-Nilssen
Board member

Cosmetic Group AS

Numbers in thousands

Cash flow statement

	2018	2017
Cash flows from operating activities		
Net income before tax	(6 686)	(32 136)
Tax paid during period	(8 438)	(213)
Ordinary depreciation and impairments	-	-
Impairment of fixed assets/changes in value of financial current assets	-	34 701
Change in accounts receivables	99	1 657
Change in accounts payables	(1 010)	(1 002)
Change in inventory	-	-
Change in other accruals	35 221	(59 583)
Net cash flow from operational activities	***19 186***	***(56 576)***
Cash flows from investment activities		
Payout for purchase of intangible assets	-	-
Payout for purchase of subsidiaries	-	(31)
Incoming payment from selling subsidiaries	-	-
Net cash flow from investment activities	***-***	***(31)***
Cash flows from financial activities		
Payout regarding capital reduction	-	-
Incoming/outgoing payments concerning long-term loan	(26 800)	(26 800)
Incoming/outgoing payments concerning group contribution	-	-
Cash effects of merger and/or payouts to transferring party	-	-
Cash effects from change in principle of simplified IFRS	-	(558)
Net cash flow from financial activities	***(26 800)***	***(27 358)***
Net change in cash	(7 614)	(83 965)
Cash and bank balance as of 01.01	14 737	98 702
Cash and bank balance as of 31.12	***7 123***	***14 737***

Notes 2018

Accounting principles:

The annual accounts have been prepared in accordance with the Accounting Act and the Regulation on Simplified IFRS (2014), established by the Ministry of Finance, November 3, 2014. This means that measurement and recognition comply with International Financial Reporting Standards (IFRS) and presentation and disclosure is in accordance with Norwegian Accounting Act and good accounting practice.

The company makes use of the exception in the Regulation on simplified IFRS (2014) § 3-1 and has recognized a group contribution in the year it was given.

The accounts are based on the principles of historical cost accounting, with the exception of the following accounting items:

Financial instruments at fair value through profit or loss and available-for-sale financial instruments that are accounted for at fair value.

Current assets and current liabilities

Current assets and current liabilities generally include items due for payment within one year after the last day of the accounting year, as well as items related to the product cycle. Current assets are valued at the lower of acquisition cost and assumed fair value (lowest value principle).

Fixed assets and long-term liabilities

Fixed assets comprise assets intended for permanent ownership and use of the business. Fixed assets are valued at acquisition cost. Tangible fixed assets are recorded in the balance sheet and depreciated over the expected economic life of the asset. Tangible fixed assets are written down to fair value when impairment is not expected to be temporary. Write-downs are reversed when the basis for the write-down is no longer present.

Recognition

Revenue from the sale of goods takes place at the time of delivery. Services are recognized as income in line with them being carried out. The share of sales revenue related to future service performance is recognized as deferred revenue from the sale and is subsequently recognized as income in accordance with delivery of the services.

Currency

Monetary items in foreign currency are valued at the exchange rate of the currency after the quotation on the last day of the financial year.

Cosmetic Group AS

Notes 2018

Goods

Goods are valued at the lower of average acquisition cost and net sales value (lowest value principle).

Receivables

Trade receivables are entered in the balance nominal value after deduction of provisions for expected losses. Provisions for expected losses are made on the basis of an individual assessment of each of the receivables. In addition, for other accounts receivable, an unspecified provision is made to cover expected losses.

Other claims are also subject to an equivalent assessment.

Tax

The tax expense in the income statement includes the payable tax for the period that is settled and due for payment in the next financial year in addition to changes in deferred taxes. Deferred tax is calculated at the tax rate at the end of the accounting year (22 %) on the basis of tax-reducing and tax-increasing temporary differences that exist between accounting and tax values. The calculation also includes taxable carry-for losses at the end of the accounting year. Tax-increasing and tax-reducing temporary differences that reverse or may reverse during the same period are settled and netted.

Notes 2018

Note 1 - Wages and salaries

Amounts in thousands NOK

The company has had 1 FTE in the accounting year.

Spesification of salaries	**I år**	**I fjor**
Wages	-602	611
Employer's social security contribution	902	186
Pension costs	113	69
Other remuneration	165	0
Total	**578**	**865**

The company is obliged to have an occupational pension scheme for the company's employees, cf. Act on compulsory occupational pensions. The company has established an occupational pension scheme that meets the requirements of the Act. All employees are members of the pension scheme.

The pension scheme is a defined contribution scheme. Premium payments to this scheme are expensed on an ongoing basis. There is therefore no capitalization for this pension scheme.

The wages are reduced with MNOK 3,9 which are invoiced to Vita AS, where the CEO of Cosmetic Group AS also operates as the CEO.

Remuneration to senior executives and auditors

CEO	
Wages	3 438
Bonus	601
Other remuneration	331
Total	**4 370**

The previous CEO quit in August 2018, whereupon the new CEO started. The benefits above are related to both CEO's. The previous CEO had an agreement on severance pay equivalent to 10 months wages.

There are no pension benefits paid to the CEO or board members.

The CEO do not have an agreement on bonuses or severance pay.

No loans or guarantees have been provided to the CEO, board members or other related parties.

Board members	338
Audit fees, consisting of:	
Audit	52
Other services	475
Total auditor fees	527

The amount is ex. VAT.

Cosmetic Group AS

Notes 2018

Note 2 - Other operating expenses

Amounts in thousands NOK

Specification of other operating expenses:

Consulting:	7 402
Extraordinary costs:	3 117
Other operating expenses:	1 068
Total other operating expenses:	**11 587**

Note 3 - Subsidiaries

Amounts in thousands NOK

The company has shares in the following subsidiaries, booked according to the cost method:

Subsidiary, office location:	Ownership %	Voting rights %	Annual results last year	Equity per balance last year
Vita AS, Oslo	100,00 %	100,00 %	39 770	225 379
CG Trading AS, Oslo	100,00 %	100,00 %	-11 773	4 558

Subsidiary	Cost price booked to balance sheet
Vita AS	682 384
CG Trading AS	31

Cosmetic Group AS

Notes 2018

Note 4 - Receivables / Liabilities to Group Companies

Amounts in thousands NOK

Receivables

	2018	2017
Receivables Group	343	339
Group contribution Vita AS	33 997	65 000
Bank deposits in group accounts	0	0
Total receivables	**34 341**	**65 339**

Non-current liabilities

	2018	2017
Debt to Cosmetic Group Holding AS	8 432	8 075
Total non-current liabilities	**8 432**	**8 075**

Current liabilities

	2018	2017
Payables Group	35	0
Short-term debt to CG Trading AS	0	393
Short-term debt to Vita AS	3	0
Bank credit in group accounts	0	0
Total current liabilities	**38**	**393**

None of the company's receivables mature later than 1 year after the balance sheet date.

None of the company's debts expire later than 5 years after the balance sheet date.

The company makes use of the exception in the Regulation on simplified IFRS (2014) § 3-1 and has recognized group contribution in the year it was given.

Cosmetic Group AS

Notes 2018

Note 5 - Tax

Amounts in thousands NOK

The tax expense for the year is divided into:	2018	2017
Payable tax	0	8 438
Too big / small provision previous years	0	213
Change in deferred tax	-528	-779
Total tax expense of the year	-528	7 872

Calculation of tax base:	2018	2017
Ordinary profit before tax expense	-6 686	-32 136
Permanent differences	4 646	64 386
Change in temporary differences	2 040	2 907
Ordinary income	0	35 157
Group contribution received	0	0
Tax base of the year	0	35 157
Tax payable on the tax base of the year (23% for 2018, 24 % for 2017)	0	8 438

Overview of temporary differences:	2018	2017
Tangible assets	0	0
Receivables	-99	
Other short-term debt	6 042	8 467
Current provisions, future maintenance etc.	0	-483
Net temporary differences per 31.12.	5 944	7 984
Deferred tax asset / Deferred tax (22% this year, 23% last year)	1 308	1 836

Explanation of why the tax expense for the year does not represent 23% of pre-tax profit	2018
23 % of pre-tax profit	-1 538
Permanent differences (23 %)	1 069
Too big / small provision previous years	
Tax effect for the year of changed tax rate	-59
Calculated tax expense	-528
Effective tax rate *)	8 %

*) Tax expense in relation to pre-tax profit

Notes for Cosmetic Group AS — Organization no. 912014975

Notes 2018

Note 6 - Equity

Amounts in thousands NOK

	Share capital	Other equity	Total equity
Per 1.1.	169 013	2 275	171 287
Applied to annual results		-6 158	-6 158
Group contribution	0	0	0
Per 31.12.	**169 013**	**-3 883**	**165 129**

Note 7 - Bank deposits, cash etc.

Amounts in thousands NOK

The company's operating accounts are included in a group account with a total credit facility of MNOK 80. The credit was not being used at Group level as of 31 December 2018. Total deposits at group level were kNOK 21 065 on 31 December 2018. All subsidiaries of Cosmetic Group AS are jointly liable for withdrawal rights and loans in the Scandinavian Enskilda Banken.

Tax deduction amounts to kNOK 909 as of 31.12 this year and amounded to kNOK 245 as of 31.12. last year.

Note 8 - Number of shares, shareholders, etc

The company has 484 000 000 shares at nominal value of NOK 0,349200 per share, total share capital amounts to NOK 169 012 800.

The company has one shareholder:

Name	Organization no.	Amount	Ownership
Cosmetic Group Holding AS	911 670 437	484 000 000	100,00 %

Notes 2018

Note 9 - Debt to credit institutions

The company has a long-term loan with Skandinaviska Enskilda Banken AB with a remaining balance of MNOK 546 as of 31 December 2018 and MNOK 573 on 31 December 2017.

Secured against inventories:	MNOK 390
Secured against operating equipment:	MNOK 390
Secured against simple claims:	MNOK 390
Secured against operating equipment:	MNOK 900
Secured against inventories:	MNOK 900
Secured against simple claims:	MNOK 900

None of the company's debts expire later than five years after the balance sheet date.

Amounts in thousands NOK

Loans (original amounts in brackets)	**Balance 31.12.18**	**Interest rates**	**Less than 1 year**	**2 to 3 years**	**4 to 5 years**
Credit facility A (NOK 120 000)	66 400	NIBOR + 4,5 %	26 800	39 600	0
Credit facility B (NOK 480 000)	480 000	NIBOR + 4,8 %	0	0	480 000
Revolving credit facility (NOK 100 000)	0	NIBOR + 3 %			

It is referred to the original payment plan
There is a set of loan terms for the loans. The most important terms are:

Cash flow cover	Ratio of Cashflow to Debt Service (Interest and repayment)
Leverage	EBITDA/Total net debt (Debt to bank less bank deposits)
Capital Expenditure	Restrictions on annual investments

The company has been in breach with the terms per 31.12.2018. The loan is by that reason presented as a short term loan. It was held negotiations with the bank during 2018 on new terms with backgroud in a weaker development than expected. A new agreement was achieved in spring 2019 with an additional loan of MNOK 50 where MNOK 16 is deducted june 2019. For more information about the company's ekstemal funding see note 5.1,5.2 of the consolidated accounts.

Cosmetic Group AS

Notes 2018

Note 10 - Other short-term debt

Amounts in thousands NOK

	2018	2017
Provision of holiday pay	432	57
Accrued rent	0	0
First year instalments long-term debt	0	26 800
Other accruals	6 688	5 688
Total other short-term debt	**7 119**	**32 545**

Note 11 - Transactions with related parties

Amounts in thousands NOK

Cosmetic Group AS har had the following transactions with related parties:

Vita AS: Further billing of IT costs and personnel costs include:	6 582
CG Trading AS: Further billing of product and IT costs include:	221
Cosmetic Group Holding AS: Further billing of other costs include:	52

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Signers:

Name	*Method*	*Date*
Prøsch, Magnus Steinsvoll	BANKID_MOBILE	2019-06-28 11:14 GMT+2
Patrice Jabet	BANKID	2019-06-28 14:21 GMT+2
Nilssen, Elisabeth Rustad	BANKID	2019-06-28 15:31 GMT+2
Kristina Johansson	One-Time-Password	2019-06-29 15:10 GMT+2

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COSMETIC GROUP
Annual report 2018

Consolidated statement of comprehensive income

Amounts in NOK thousand	Note		2018	2017
Net Sales	2.1	2.5	1 345 915	1 313 382
Other operating revenue			0	0
Total operating revenue			1 345 915	1 313 382
Cost of goods sold	2.2		706 457	671 645
Personnel expenses	2.3	7.1	102 636	78 425
Amortisation, depreciation and impairment loss	3.1	3.2	44 452	51 756
Other operating expenses	2.4		463 944	433 462
Total operating expenses			1 317 489	1 235 287
Total operating profit			**28 425**	**78 094**
Finance income	5.10		**1 791**	**1 442**
Finance costs	5.10		**33 904**	**37 876**
Net financial items			**-32 113**	**-36 435**
Profit before tax			**-3 688**	**41 660**
Income tax expense	6.1		564	14 349
Net profit for the period from continuing operations			**-4 252**	**27 311**
Discontinued operations:				
Net profit from discontinued operations	2.6		**0**	**-26 300**
Net profit, attributable to equity holders of the parent			**-4 252**	**1 011**
Net profit, attributable to non-controlling interests			**0**	**0**
Other comprehensive income:				
Items that may be reclassified subsequently to profit or loss				
Currency translation reserve			0	-377
Items that will not be reclassified to profit or loss				
Total comprehensive income for the period			-4 252	634
Comprehensive income, attributable to equity holders of the parent			**-4 252**	**634**

Consolidated statement of financial position

Amounts in NOK thousand	Notes				31.12.2018	31.12.2017
ASSETS						
Intangible assets						
Goodwill	3.1				473 987	473 987
Other intangible assets	3.1				75 200	65 008
Deferred tax assets	6.1				6 378	6 019
Total intangible assets					555 565	545 014
Tangible assets						
Property plant and equipment	3.2				57 600	73 605
Total tangible assets					57 600	73 605
Total non-current assets					613 165	618 619
Current assets						
Inventories	2.2				338 179	342 658
Trade receivables	5.1	5.2	5.3	5.8	13 346	40 417
Other receivables	5.1	5.2	5.3	5.8	29 147	20 748
Cash and cash equivalents	5.1	5.2	5.3	5.7	23 267	59 362
Total current assets					403 940	463 184
TOTAL ASSETS					1 017 105	1 081 803

Amounts in NOK thousand	Notes				31.12.2018	31.12.2017
EQUITY AND LIABILITIES						
Equity						
Share capital	5.5				169 013	169 013
Share premium	5.5				0	0
Other paid-in-equity	5.5				0	0
Total paid-in-equity					169 013	169 013
Retained earnings	5.5				17 624	20 970
Total other equity					17 624	20 970
Non-controlling interests	5.5					
Total equity					186 637	189 983
Non-Current liabilities						
Interest-bearing loans and liabilities	5.1	5.2	5.3	5.4	0	537 933
Deferred tax liabilities	6.1				0	0
Other non-current liabilities	5.1	5.2	5.3	5.4	0	0
Total non-current liabilities					0	537 933
Current liabilities						
Account payable	5.1	5.2	5.3	5.9	180 355	202 586
Interest-bearing loans and liabilities	5.1	5.2	5.3	5.4	540 358	26 800
Taxes payable	6.1				17	15 542
Other current liabilities	5.1	5.2	5.3	5.9	109 738	108 959
Total current liabilities					830 468	353 887
Total liabilities					830 468	891 821
TOTAL EQUITY AND LIABILITIES					1 017 105	1 081 803

Oslo, 25 June 2019

Kristina Johansson
Chairman of the Board/CEO

Patrice Jabet
Board member

Magnus Steinsvoll Prøsch
Board member

Elisabeth Rustad-Nilssen
Board member

Consolidated statement of cash flows

Amounts in NOK thousand

Cash flows from operating activities	Notes		2 018	2 017
Profit before tax, continuing operations			-3 688	41 660
Income tax paid	6.1		-16 089	-15 568
Depreciation and impairment of property plant and equipment	3.2		44 452	42 502
Amortisation and impairment of intangible assets	3.1		0	9 254
Change in working capital:				
Change in trade receivables	5.8		27 070	-24 195
Change in accounts payables	5.9		-22 232	25 030
Change in inventories	2.2		4 479	-31 422
Change in other receivables and provisions*	5.8	5.9	-7 072	14 241
Other adjustments for non-cash operating items:				
Gain/loss from sale of non-current assets	3.1			
Finance income	5.10		-1 791	-1 442
Finance costs	5.10		33 904	37 876
Fair value movements of financial derivatives	5.1			
Amortisation of capitalised transaction costs	5.1			
Other non-cash income and expenses				
Interests received	5.10			
Interest paid	5.10			
Net cash flows from operating activities			59 034	97 936

Cash flows from investing activities				
Purchase of intangible assets and property, plant and equipment	3.1	3.2	-38 640	-53 488
Proceeds from sale of intangible assets and property, plant and equipment	3.1	3.2		
Proceeds from disposal of financial assets			0	-23 125
Net cash used in investing activities			-38 640	-76 613

Cash flow from financing activities			
Proceeds from issuance of shares		0	0
Proceeds from loans and liabilities		0	0
Repayments of loan and liabilities		-26 800	-26 800
Dividens paid to equity holders of the parent	5.6	0	0
Interests paid		-29 689	-34 011
Net cash used in financing activities		-56 489	-60 810
Cash and cash equivalents, beginning of period		59 362	98 848
Net change in cash and cash equivalents	5.7	-36 095	-39 486
Net foreign exchange difference		0	0
Cash and cash equivalents, end of period		23 267	59 362

**Change in other receivables and provisions includes other receivables, public duties payable, and other short-term liabilities*

1.1 Corporate information

Corporate information
The consolidated financial statements of Cosmetic Group AS and its subsidiaries (collectively, the Group) for the year ended 31 December 2018 were authorised for issue in accordance with a resolution of the directors on 25 06 2018 Cosmetic Group AS
(the Company or the parent) is a limited liability company incorporated and domiciled in Norway and who's shares are privately held The Group's head office is at Haslevangen 15, 0579 Oslo, Norway.

The Group is principally engaged in the sale of beauty and wellness products.

Group structure
The consolidated financial statements of the Group include:

			Ownership percentage	
Name	Principal activities	Business location	2018	2017
Vita AS	Sale of beauty and wellness products	Oslo	100 %*	100 %*
Vita Drift AS	Franchisee in VITA	Oslo	100 %**	100 %**
CG Trading AS	Sale of beauty and wellness products and oth	Oslo	100 %*	100 %*
CG Trading Drift AS	Staffing company for CG Trading AS	Oslo	100 %***	100 %***

*Vita AS and CG Trading are 100% wholly owned subsidiaries of Cosmetic Group AS.
**Vita Drift AS is a 100% wholly owned subsidiary of Vita AS
*** Cg trading Drift AS is 100% wholly owned subsidary of CG Trading AS

The ultimate parent
The next senior company i Cosmetic Group Holding AS and the ultimate parent company of Cosmetic Group AS is Aventure Holding AS which is based in Norway.
Cosmetic Group Holding AS owns 100 % of Cosmetic Group per 31.12.2018.

1.2 Basis for preparation

The consolidated financial statements of Cosmetic Group AS comprise of consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of cash flows, consolidated statement of changes in equity, and related notes. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by The European Union (EU) and represents the second financial statement for the Group in accordance with IFRS.

The consolidated financial statements have been prepared on a historical cost basis, except for derivative financial instruments that have been measured at fair value. Further, the financial statements are prepared based on the going concern assumption.

The consolidated financial statements are presented in Norwegian kroner (NOK), which is also the functional currency of parent company. All figures are rounded to the nearest thousand (000), except when otherwise indicated. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

For presentation purposes, balance sheet items are translated from functional currency to presentation currency by using exchange rates at the reporting date. Items within profit & loss and other comprehensive income are translated from functional currency to presentation currency by applying monthly average exchange rates.

Significant accounting judgements, estimates, and assumptions
The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In the process of applying the Group's accounting policies, management has made various judgements. Those which management has assessed to have the most significant effect on the amounts recognised in the consolidated financial statements have been discussed in the individual notes of the related financial statement line items.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are also described in the individual notes of the related financial statement line items below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

The following notes describes significant judgements, estmates and assumtions with respect to revenue, impairment, consolidation 1.3, 2.2, 3.1., 8.4

1.3 Summary of other significant accounting policies

Basis of consolidation
The condensed consolidated financial statements include the parent company Cosmetic Group AS and all of its subsidiaries. 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.
Transactions between Group companies, balance sheet items and unrealised profits on transactions between Group companies are eliminated in full. Unrealised losses are also eliminated, unless the transaction shows a need to write down the transferred asset.

Consolidation prinicples
IFRS 10 Consolidated financial statements is based on the principle of using the control term as the decisive criteria to decide whether a company should be included in the consolidated financial statements. The application guidance to the standard provides guidance when determining whether an entity has control over a franchisee. Based on the guidance in IFRS 10, the group has determined that it does not control its franchisees and the franchises are therefore not consolidated. This is based on a judgement of the criteria in IFRS 10 of whether or not Cosmetic Group controls the franchisees. The franchisees make independent decisions regarding relevant activities for the franchisee, e.g. performing the sale of the products and employee activities. The decision-making rights that affect the variable returns most significantly is the sale of products and this activity are primarily in the control of the franchisee. Based on an assessment of the criteria's in IFRS 10, Cosmetic Group does not control the franchises and they are therefore not consolidated.

Revenue recognition
Generally revenue is recognised at when it is probable that future economic benefits will flow to the entity and these benefits can be measured reliably. Revenue shall be measured at the fair value of consideration received or receivable, excluding sales taxes, rebates and trade discounts. The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements.

Revenue from sales of goods is recognised when the Group has transferred to the buyer the significant risks and rewards of ownership, usually on the delivery of the goods. Payment for retail sales is usually in the form of cash or credit card payment. When selling to the end user, the Group's policy is to give the customer the right of return within 90 days.

Loyalty points related to the customer loyalty program, Club VITA, are accounted for as a separately identifiable component of the sales transaction in which they are granted. The fair value of the consideration received or receivable in respect of the initial sale are allocated between the loyalty points and the other components of the sale. The fair value of the points issued is initially deferred and later recognised as revenue when the points are redeemed, forfeited or have expired.

Internet sales – e-commerce
Sales of goods over the Internet is recognised when the product is sold to the customer, which is when the goods are shipped. All sales are settled by credit card and mobile payment application ("Vipps)". Revenue is recognised net of the value of expected returns.

Gift cards
Revenue from gift cards are recognised when they are used and any non-used amount redeemed when it expire.

Dividends
Revenue is recognised when the Group's right to receive the payment is established, which is generally when shareholders approve the dividend.

Business combinations
The group applies the acquisition method to account for business combinations. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at the fair value on the acquisition date, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IAS 39 Financial Instruments: Recognition and Measurement, is measured at fair value with the changes in fair value recognised in the statement of profit or loss.

Foreign currencies
The Group's presentation currency is NOK, which is also the presentation and functional currency of the parent company and all subsidaries.

Transactions in currencies different from the functional currency
Transactions in non-functional currencies are translated at the rate in effect on the transaction date. Monetary assets and liabilities that are expressed in non-functional currencies are reported on the balance sheet date, translated to the rate in effect on that date. Non-monetary assets and liabilities that are reported at their fair value in non-functional currency are translated at the rate in effect on the balance sheet date. All other non-monetary items are translated at historical foreign exchange rates. All exchange rate differences are reported in profit or loss.

Currency effects in the consolidation
The statement of financial position of subsidiaries with a different functional currency, including goodwill and adjustments for fair value made in connection with consolidation, are translated at the exchange rate at the end of the reporting period, while the profit or loss is translated at an average of the year's exchange rates. The exchange rate differences that arise as a result of the translation are reported directly in other comprehensive income. In the event of a sale or other disposal of a foreign company, the accrued accumulated translation difference is recognised in profit or loss together with the gain or loss resulting from the sale or disposal.

Consolidated statements of cash flow
The Consolidated statements of cash flows are prepared using the indirect method. Cash flows in foreign currencies have been translated into NOK using the exchange rate at the cash flow date.

Changes in accounting policies and disclosures
The Group elected to change the method for determination of cost of goods sold. The Group had previously recognize cost of goods sold based on the FIFO-principle.

On 18. August 2017, the Group changed the method of determination of cost of goods, as the Group believes that the the weighted-average costing provides more relevant information to the users of its financial statements and is more aligned to practices adopted by its competitors.

When an entity changes an accounting policy, it shall apply the change retrospectively, except to the extent that it is impracticable to determine either the period-specific effects or the cumulative effect of the change (IAS 8.23, IAS 8.24). The managements view is that it is impracticable to determine the effects of the change and the Group therefore applied this exception and the new accounting policy was applied prospectively from August 2017.

2.1 Segment information

Accounting policy
Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer that make strategic decisions. The company operates within different operating segments as per the definitions in IFRS 8 *Operating segments*. The Group's segments were "VITA", "VITA Exclusive" and "Loco". In 2018 the company decided to merge "VITA and "VITA Exclusive" to one segment "VITA". The comparable figuries for 2017 is adjusted to the same. "Grand Parfymeri" was sold in October 2017 and is included and eliminated

The Group's business is the resale of beauty and wellness products. Segment perfomance is reviewed by Chief Executive Officer as three reportable segments defined equivalent as the store concepts. The segments are managed as separate and strategic businesses and no operating segment have been combined for the purpose of segment reporting. Assets and liabilities are not included in the segment reporting.

VITA
- A preferred destination for women who seek advice, inspiration and known brands at good prices related to beauty, wellness and health
- One stop shop offering local convenience for all needs with semi-selective/mass products
- Quality brands and products within all categories
- Competent staff with solid knowledge offering quality advice
- Unique platform with strategic flexibility by having both a semi-selective and selective offering, when relevant
- Full omnichannel setup with VITA.no and Club VITA

LOCO
- Online and offline low-cost concept, focusing on well-known cosmetic and hygiene products & brands at surprisingly low prices
- Flexible sourcing model

Operating segment information

The reported measure of segment profit is revenue, gross margin and EBITDA.

Cosmetic Group AS defines gross margin as sales revenue minus its cost of goods sold and EBITDA as operating income plus depreciation and amortization.

Segment performance is evaluated based on revenue, gross margin and EBITDA and is measured consistently with accounting principles applied in the consolidated financial statements. Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

The following table include information about Cosmetic Group's operating segments. Depreciations and impairments related to excess values for fixed assets recognised at acquisitions, are not allocated to the segments, and are shown below under 'Adjustments and eliminations'. The elimination of inter-segment sales is included in 'Inter-segment' and 'Adjustments and eliminations'.

The following tables represent revenue and profit information for the Group's operating segments for 2017 and 2016, respectively.

Amounts in NOK thousand

2018	VITA	Loco	Total Segments	Adjustments and eliminations	Consolidated IFRS
Net sales					
External customer	1 180 258	111 924	1 292 182		1 292 182
Inter-segment	0	0	0		0
E-commerce	45 452	8 281	53 733		53 733
Segment revenue	1 225 710	120 205	1 345 915		1 345 915
Segment gross margin	585 015	54 442	639 458		639 458
Segment gross margin %	48 %	45 %	48 %		48 %
Segment EBITDA	93 385	-12 629	80 756		80 756
Number of stores	215	24	239		239

Amounts in NOK thousand

2017	VITA	Loco	Grand Parfymeri	Total Segments	Adjustments and eliminations	Consolidated IFRS
Net sales						
External customer	1 249 021	24 093	28 038	1 301 152	-28 038	1 273 114
Inter-segment	0	0	0	0	0	0
E-commerce	40 268	0	9 373	49 641	-9 373	40 268
Segment revenue	1 289 289	24 093	37 411	1 350 793	-37 411	1 313 382
Segment gross margin	629 982	11 755	14 475	656 212	-14 475	641 737
Segment gross margin %	49 %	49 %	39 %	49 %	39 %	49 %
Segment EBITDA	144 718	-7 022	-6 704	130 991	6 704	137 696
Number of stores	218	10	5	233	-5	228

Adjustments and eliminations

Finance income, finance costs, taxes and fair value gains and losses on certain financial assets and liabilities are not allocated to indidivual segments as these are managed on an overall group basis These are included in adjustments and eliminations in the segment disclosures

Amounts in NOK thousand

Reconciliation of EBITDA	2018	2017
Segment EBITDA	80 756	137 696
Depreciations, amortisation	-44 452	-51 756
Other operating expenses	-7 878	-7 845
Finance income	1 791	1 442
Finance costs	-33 904	-37 876
Inter segment profit (elimination)		
Profit before income tax	-3 688	41 660

2.2 Inventories and costs of goods sold

Accounting policy
Inventories are stated at the lower of cost and net realizable value. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. The cost of finished goods available for sale comprises the direct costs (purchase price), import duties and freight. Cost is reduced by any bonuses and cash discounts from suppliers. Cost of goods sold is determined using weighted-average costing. Cost of goods sold also includes a provision for obsolescence and lost goods.

NOK Thousand	31.12.2018	31.12.2017
Cost of goods sold for the year	687 169	659 467
Wastage	11 592	10 131
Other	7 695	2 047
Total cost of goods sold	**706 457**	**671 645**

NOK Thousand	31.12.2018	31.12.2017
Goods purchased for resale	341 006	330 486
Goods in transit	10 110	21 482
Reserve for inventory obsolescence	-12 938	-9 311
Total inventories	**338 179**	**342 657**

2.3 Personnel expense and audit fees

	2018	2017
Wages and salaries	82 046	62 947
Social security costs	12 668	9 750
Pension costs	3 375	2 905
Other benefits	4 547	2 822
Total personnel expense	**102 636**	**78 424**
Full time equivalents	151	100

Audit Fees
Divided by type of service (exclusive of VAT)

	2018	2017
Statutory audit	626	408
Tax related services	101	326
Attestation services	60	
Other Services	493	3 333
Total fees	**1 280**	**4 067**

2.4 Other Operating Expenses

	2018	2017
Franchise remuneration	231 322	231 029
Housing cost (rent, electricity, guard etc)	154 895	139 661
Other	77 727	62 771
Total other operating expense	**463 944**	**433 462**

2.5 Deferred revenue

Accounting policy
Loyalty points related to the customer loyalty program, Club Vita, are accounted for as a separately identifiable component of the sales transaction in which they are granted. The fair value of the consideration received or receivable in respect of the initial sale are allocated between the loyalty points and the other components of the sale The fair value of the points issued is initially deferred and later recognised as revenue when the

The deferred revenue refers to the accrual and release of the Group's loyalty programme transactions. As at 31 December 2018, the estimated liability for unredeemed points amounted to approximately MNOK 18,7 (2017: MNOK 15,8). The amount is included in other short-term debt.

The Group estimates the fair value of points awarded under the loyalty programme by applying statistical techniques. Inputs to the model include assumptions about expected redemption rates, the mix of products that will be available for redemption in the future and customer preferences.

NOK thousand	2018	2017
At 1 January	15 804	13 302
Deferred during the year		
Change in deposition (included in net sales)	2 914	2 502
At 31 December	18 718	15 804

2.6 Discontinued operations

Accounting policy
The Group classifies non-current assets and disposal groups as held for distribution to equity holders of the parent if their carrying amounts will be recovered principally through a distribution rather than through continuing use. Such non-current assets and disposal groups classified as held for distribution are measured at the lower of their carrying amount and fair value less costs to distribute. Costs to distribute are the incremental costs directly attributable to the distribution, excluding finance costs and income tax expense.

The criteria for held for distribution classification is regarded as met only when the distribution is highly probable and the asset or disposal group is available for immediate distribution in its present condition. Actions required to complete the distribution should indicate that it is unlikely that significant changes to the distribution will be made or that the decision to distribute will be withdrawn. Management must be committed to the distribution expected within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for distribution. Assets and liabilities classified as held for distribution are presented separately as current items in the statement of financial position.

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:
- Represents a separate major line of business or geographical area of operations
- Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations
Or
- Is a subsidiary acquired exclusively with a view to resale

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit or loss. All other notes to the financial statements include amounts for continuing

On 18 October 2017 Cosmetic Group entered into an agreement to sell all of its shares in Grand Parfymeri AS with a cash consideration of SEK 1. The original investment in Grand Parfymeri AB amounted to MNOK 23,2. Grand Parfymeri AB represented a segment and separate line of business. Hence, the disposal was presented as a discontinued operation in 2017. The income statements and cash flow statement for 2017 was adjusted to reflect the presentasion as discontinued operation. The results for Grand Parfymeri AB for 2017 are presented below.

	2018	2017
Net Sales	0	37 411
Other operating revenue	0	0
Total operating revenue	0	37 411
Cost of goods sold	0	22 936
Amortisation, depreciation and impairment loss	0	946
Other operating expenses	0	21 179
Total operating expenses	0	45 061
Total operating profit	0	-7 650
Net financial items	0	165
Loss before tax	0	-7 815
Impairment loss recognised on the remeasurement to fair value less costs to distribute	0	-18 485
Profit before tax from discontinued operations	0	-26 300
Tax benefit:		
Related to current pre-tax profit	0	0
Related to remeasurement to fair value less costs to distribute (deferred tax)	0	0
Profit for the year from discontinued operations	0	-26 300

The major classes of assets and liabilities of Grand Parfymeri AB classified as held for distribution to equity holders of the parent as at 31 December are, as follows:

	2 018	2017 *
Other intangible assets	0	898
Deferred tax assets	0	0
Total intangible assets	0	898
Property plant and equipment	0	5 534
Total tangible assets	0	6 432
Inventories	0	19 503
Trade receivables	0	706
Other receivables	0	1 925
Cash and cash equivalents	0	43
Total current assets	0	22 177
ASSETS HELD FOR DISTRIBUTION	0	28 609
Interest-bearing loans and liabilities	0	0
Deferred tax liabilities	0	0
Other non-current liabilities	0	0
Total non current liabilities	0	0
Account payable	0	4 728
Public duties payable	0	736
Interest-bearing loans and liabilities	0	0
Taxes payable	0	0
Other current liabilities	0	3 590
Total current liabilities	0	9 034
LIABILITIES DIRECTLY ASSOCIATED WITH DISPOSAL GROUP	0	9 034
NET ASSETS DIRECTLY ASSOCIATED WITH DISPOSAL GROUP	0	19 575

* Sold as of 18 October 2017

The net cash flow incurred by Grand Parfymeri AB are, as follows

	2 018	2 017
Operating	0	-11 888
Investing	0	1 633
Financing	0	165
Net cash (outflow)/inflow	0	-10 090

3.1 Intangible assets and goodwill

Accounting policy
Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost, less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalized development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate. Such changes are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

Rental agreements
When acquiring lease holds (existing perfume stores) the entire purchase price are allocated to the rental agreements of the store premises and recognised as an intangible asset. Depreciation on is calculated using the straight line method to allocate the cost over the rental term, including the option to extend the agreement. Depreciation on acquired lease holds is calculated using the straight line method to allocate the cost over the rental term, including the option to extend the agreement.

Goodwill
Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed) If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.
After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

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

Goodwill
Goodwill is tested for impairment annually as at 31 December and when circumstances indicate that the carrying value may be impaired.
Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than their carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets
Intangible assets with indefinite useful lives are tested for impairment annually as at 31 December either individually or at the CGU level, as appropriate

Amounts in NOK thousand	Goodwill	Rental Agreements	Ongoing IT-Investments	IT-Investments	TOTAL
Balance 01.01.2018	473 987	16 580	32 964	15 464	538 995
Additions			-27 650	54 240	26 590
Disposals and write downs		-2 466		-8	-2 474
Depreciation and amortisation		-797		-13 127	-13 924
Discontinued business					-
Balance 31.12.2018	**473 987**	**13 317**	**5 314**	**56 569**	**549 187**

Amounts in NOK thousand	Goodwill	Rental Agreements	Ongoing IT-Investments	IT-Investments	TOTAL
Balance 01.01.2017	483 241	19 536	12 220	12 347	527 344
Additions		588	31 582	10 838	43 008
Disposals and write downs			-10 838		-10 838
Depreciation and amortisation	-9 254	-2 575		-7 721	-19 550
Discontinued business		-969			-969
Balance 31.12.2017	**473 987**	**16 580**	**32 964**	**15 464**	**538 995**

Ongoing IT investments are related to upgrade of ERP-system and other business intelligence-systems

Impairment testing
Goodwill acquired through business combinations relates to the Group's acquisition of Cosmetic Group AS. Goodwill are allocated VITA which are also operating and reportable segment, for impairment testing. Goodwill is evaluated by management and monitored based in the performance on a operating segment level. The recoverable amount of each operating segment is calculated based on a value in use method. Grand Parfymeri was sold in October 2017 and are not included in impartmenttest 31.12.2018. This test also covers also impairment test of value of shares in daughter-companies

The present value of the expected cash flows of each segment was determined using a discount rate (WAAC) of 8 %, after tax. This is based on a risk free interest rate of 1,5 %, plus a risk premium of 6.5 %. The risk is based on observations of similar companies. The group has also made a calulation based on their own cost og financing, both from bank loan and from equity. The total calulated interest cost of capital was 7,5%. This implicates that a WACC of 8 % is at a aceptable level.

The recoverable amount of each segment was determined based on the following estimates:
- Future sales are estimates based on budget and long term plans that are adjusted down to reflect the development in 2019.
- In the forcast the growth rate for the next years are negavtive for 2019, 5% for 2020 and 2021 and 3 % for 2021 and 2022
- Today's cost as a percentage of income is considered to reflect future projections
- For goodwill testing, management has used a 5 year period with a terminal value growth rate beyond this period of 2 %
- Risk-free interest rate is the 1,5 %
- EBITDA - margin terminal value VITA 9,5%
- Beta Value is based on figures from comperable international companies listed on the stock exchange

Goodwill reletaded to Grand Parfymeri AB was written down prior to the sale of the business in 2017.

No impairment of goodwill was necessary in 2017 or in 2018.

	VITA		
Amounts in NOK Thousand	31.12.2018	31.12.2017	31.12.2016
Goodwill	473 987	473 987	473 987
Impairment	0	0	0

	Loco			Grand Parfymeri AB		
Amounts in NOK Thousand	31.12.2018	31.12.2017	31.12.2016	31.12.2018	31.12.2017	31.12.2016
Goodwill	0	0	0	0	0	9254
Impairment	0	0	0	0	9254	0

	Total		
Amounts in NOK Thousand	31.12.2018	31.12.2017	31.12.2016
Goodwill	473987	473987	483241
Impairment	0	9254	0

Sensitivity	31.12.2018	31.12.2017
Discount rate after tax	8,0 %	9,0 %
Increase in the discount rate before possible impairment of goodwill	1,0 %	2,4 %
Decrease in EBITDA margin before possible impairment of goodwill	1,0 %	1,0 %

3.2 Property plant and equipment

Accounting policy
Property, plant and equipment is stated at historical cost, less accumulated depreciation and accumulated impairment losses. When assets are sold or disposed of, the carrying value of the accounts and any gain or loss is recognised.

The cost of fixed assets is the purchase price including taxes and expenses directly attributable to preparing the asset for use. Expenditures incurred after the asset has been put into operation, such as ongoing maintenance, are expensed. Expenditures that are expected to generate future economic benefits are capitalized.

Material residual value estimates and estimates of useful life are updated as required, at least annually. Gains or losses arising from the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets. These gains or losses are recognised in the income statement within other income or other operating expenses.

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.

Impairment of non-financial assets
Please refere to note 6.1.

Amounts in NOK thousand	Interior and equipment	Ongoing investments	TOTAL
Balance 01.01.2017	73 664	-59	73 605
Additions	11 990	59	12 049
Disposals and write downs	-674		-674
Depreciation and amortisation	-27 380		-27 380
Discontinued business			-
Balance 31.12.2017	57 600	-	57 600

Amounts in NOK thousand	Interior and equipment	Ongoing investments	TOTAL
Balance 01.01.2017	88 427	842	89 269
Additions	22 219	21 318	43 537
Disposals and write downs	0	-22 219	-22 219
Depreciation and amortisation	-32 206	0	-32 206
Discontinued business	-4 776	0	-4 776
Balance 31.12.2017	73 664	-59	73 605

Ongoing investments are related to store related projects Depreciation will start when the projects are completed.

Useful lives
The useful lives of the assets are estimated as follows

Ongoing investments	-
Store interior	3-5 years
Car and machines	3-5 years

Cash outflow for the purchase of other PPE was 12,1mill in 2018 (2017 21,3 mill)

Impairment testing of other non-current assets

Impairment losses	31.12.2018	31.12.2017
IT investments	0	0
Store interior	674	880
Car and machines	0	0
Impairment reversals	31.12.2018	31.12.2017

4.1 Leases

Accounting policy
The Group currently only have operational leases. Operating lease payments are recognised as an operating expense in the statement of profit or loss on a straight-line basis over the lease term From 1 January 2019 the comapny has adopted the new accouning standard IFRS 16. See note 8 3.

The Group has entered into operating leases on certain motor vehicles, items of machinery and rental agreements (tenancy), with lease terms between three and ten years. The Group has the option, under some of its leases, to lease the assets for additional terms of 3 to 5 years.

Future minimum rentals payable under non-cancellable operating leases as at 31 December are, as follows:

	31.12.2018	31.12.2017
Within one year	15 819	20 425
After one year but not more than five years	231 809	212 115
More than five years	493	31 161
Sum	248 121	263 701

4.2 Other commitments

NA

4.3 Legal claim contingency

NA

4.4 Guarantees

The Group has provided the following guarantees at 31 December 2018

Cosmetic Group AS has issued guarantees to the landlords for the rent and other housing cost for VITA AS and CG Trading AS. The guarantees was MNOK 79,2 pr. 31 12.2018. Pr. 31.12.2017 the amount was MNOK 71,7.

Cosmetic Group AS has also made guarantees for CG Trading AS leasing obligation to finance institutions. The guarantees summed up to MNOK 23,8. Pr 31.12 2017 the amount was MNOK 9,0.

Cosmetic group AS has also made guarantees to suppliers for outstanding amount The outstanding amount vary through the year.

4.5 Other contingent liabilities

NA

5.1 Financial assets and liabilities

Accounting policy - Financial instruments

Classification of financial instruments
Financial instruments within the scope of IAS 39 are classified in the following categories:

- fair value with changes in value through profit or loss (FVPL)
- loans and receivables
- held to maturity investments (HTM)
- financial instruments available for sale (AFS)
- Other liabilities

The classification is dependent on the type of instrument and the purpose for which the investments were acquired or originated.

Financial assets at FVPL are financial assets held for trading. A financial asset is classified as held for trading if acquired principally for the purpose of selling in the short term. The group has an interest rate swap, which also are categorized as held for trading as the group does not apply hedge accounting.

Loans and receivables are non-derivative financial assets with fixed or determinable cash flows that are not quoted in an active market.

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as HTM when the Group has the positive intention and ability to hold until maturity

All other financial assets, except for derivatives, are classified as AFS and would generally include equity and debt securities.

Other financial liabilities is generally the main category for loans and borrowings.

The group have financial instruments in the following categories:

FVPL: Derivative instruments

Loans and receivables: Trade receivables and other current receivables

Other financial liabilities: Includes most of the company's financial liabilities including debt to credit institutions, accounts payable and other current and non-current liabilities.

Initial recognition and subsequent measurement
FVPL: Financial derivatives that are not designated as hedging instruments are categorized as held for trading and initially measured at their fair value. Subsequent changes in the fair value are recognised in the profit or loss.

AFS financial investments are initially recognised at fair value. Subsequently measurement is at fair value with unrealized gains or losses recognised in other comprehensive income until the investment is derecognised or impaired. When the investment is derecognised, the accumulated gain or loss on the financial instrument that has previously been recognised in other comprehensive income is reversed and the gain or loss is recognised in profit or loss. If the investment is determined to be impaired, the cumulative loss is reclassified from the AFS reserve to the statement of profit or loss in finance costs. Dividend from AFS investments are recognised in P&L.

Loans and receivables are initially recognised at fair value plus directly attributable transaction expenses. Subsequently, these instruments are measured at their amortized cost using the effective interest rate method (EIR) Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR

Other financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. Subsequently these liabilities are measured at their amortized cost using the effective interest rate method (EIR) Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR.
Liabilities are presented as current when it is due to be settled within twelve months after the end of the reporting period

Financing of the group

2016 the Group entered into a new loan agreement with the bank that replaced the old agreement. The loan agreement was a total package of MNOK 700 with the following structure. Loan Tranche A. MNOK 120 with repayment of MNOK 26,8 pr year with first instalment of MNOK 13,6 in June 2017 Loan Trance B: MNOK 480 with repayment in 2021 A revolving loan facility of MNOK 100m which the company used MNOK 50 from the start. This was increased to MNOK 80 in 2017. The finance agreement had covenants linked to cash flow, ebitda leverage and investment The group was within all covenants in 2016, 2017 and start of 2018 In April 2018 the group saw that it would not comply with the covenants for the rest of 2018 and got a waiver for Q2 and Q3 in 2018 with an agreement of starting negotiations later in 2018 immediately following the conclusion of the strategy and businessplan process Despite constructive negotiations to secure long term funding with the bank, the parties failed to reach an agreement by year end and the group was in breach with the covenants by year end 2018 The group received a letter from the bank regarding event of default in March 2019. This was adressed in several board meetings and the negotiations with the bank continued until reaching an agreement by the end of April 2019 The group secured new financing of MNOK 50 released in two tranches, and the repayment of MNOK 13.4 in June was postponed. The old covenants were waivered and the new covenants are linked to accumulated EBITDA, liquidity forecast and liquidity The group are meeting all new covenants at the day of signing the account Used amount of new financing and postponed repayment is due for payment in December 2019

NOK Thousand

31.12.2018	Financial assets at fair value	Loans and receivables	Financial liabilities at fair value	Other financial liabilities	Total
Assets					
Derivatives					-
Trade receivables		13 346			13 346
Other receivables		29 147			29 147
Cash and cash equivalents		23 267			23 267
Total financial assets	-	65 761	-	-	65 761
Liabilities					
Non current interest bearing loans and liabilities		-			-
Current interest bearing loans and liabilities		540 358			540 358
Accounts and other payables		290 110			290 110
Total financial liabilities	-	830 468	-	-	830 468

NOK Thousand

31.12.2017	Financial assets at fair value	Loans and receivables	Financial liabilities at fair value	Other financial liabilities	Total
Assets					
Derivatives					-
Trade receivables		40 417			40 417
Other receivables		20 748			20 748
Cash and cash equivalents		59 362			59 362
Total financial assets	-	120 527	-	-	120 527
Liabilities					
Non current interest bearing loans and liabilities		537 933			537 933
Current interest bearing loans and liabilities		26 800			26 800
Accounts and other payables		326 604	483		327 087
Total financial liabilities	-	891 338	483	-	891 821

NOK Thousand

The Group has the following liabilities to financial institutions:

Interest bearing loans and liabilities	Interest Rate	Maturity	31.12.2018	31.12.2017
New Tranche A	Nibor + 3,0%	2021	39 600	66 400
New Tranche B	Nibor + 3,5%	2021	480 000	480 000
Shareholder loan	6,50 %		0	0
Bank overdrafts			0	0
Total non- current			519 600	546 400
Current first year installment				
New Tranche A	Nibor + 3,0%	2019	26 800	26 800
New Tranche B	Nibor + 3,5%	2019	0	0
Shareholder loans	6,50 %		0	0
Bank overdrafts			0	0
Total current			26 800	26 800

The fair value of current and non-current debt approximately their carrying amount.

Borrowing cost	31.12.2018	31.12.2017
Capitalized borrowing cost	6 042	8 467

Borrowing cost is presented net with the loans and is amortizised until maturity of the loan.

The following covenants are regulated by the original contract:

Cash flow cover	Ratio of Cashflow to Debt Service (Interest and repayment)
Leverage	EBITDA/Total net debts (Liabilities to credit institutions, less cash deposits)
Capital Expenditure	Annual investment limitations

After negotions with the bank the group has a waiwer on the original covenant. The new covenants are related to minimum EBITDA (pre IFRS 16), minimum liquidity related to liqudity forcast and demands regarding liquidity forcasts.

Ageing of financial liabilities (for ageing of account payables, please see note 5.9):

		Maturity structure			
Interest bearing loans and liabilities	Year	Less than 1 year	Between 1-3 years	From 3-5 years	Total
Interest bearing liabilities to financial institutions	31.12.2018	26 800	519 600		546 400
Other financial liabilities (ex. trade payables)	31.12.2018				
Interest bearing liabilities to financial institutions	31.12.2017	26 800	53 600	466 000	546 400
Other financial liabilities (ex. trade payables)	31.12.2017				
Total interest bearing loans and liabilities					

Assets pledged as security and guarantee liabilities;

	31.12 2018	31 12 2017
Secured balance sheet liabilities.		
Liabilities to financial institutions		
Balance sheet value of assets pledged as security for secured liabilities.		
Machinery and plant	132 800	138 613
Inventory	338 179	342 658
Accounts receivable	29 147	40 417
Total	500 127	521 687

The same assets that are pledged as security in the parent company are also security for liabilities in the subsidiaries

Reconsiliation for liablities arising from financing activities

	Interestbearing loan and liabilities (long term)	Other non-current liabilities	Interestbearing loan and liabilities (short term)	Financial leasing operations	Total
Liabilities 31 12.2016	561 966	7 738	26 800	0	596 504
Cash flow from financing activities	-26 800				-26 800
Exchange Differences					0
Additions financial liablitis					0
Other transanctions without cash settlement	2 767	-7 738			-4 971
Liabilities 31 12.2017	537 933	0	26 800	0	564 733
Cash flow from financing activities	-26 800				-26 800
Exchange Differences					0
Additions financial liablitis					0
Other transanctions without cash settlement	2 425				2 425
Liabilities 31 12.2018	513 558	0	26 800	0	540 358

5.2 Fair value measurement

Accounting policies - Fair value measurement
The Company measures financial instruments such as derivatives and cash at fair value at each balance sheet date. In addition fair value is disclosed for accounts receivables, accounts payables and interest bearing loans.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

•In the principal market for the asset or liability
Or
•In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

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

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

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair value of financial instruments
Set out to below is a comparison, by class, of the carrying amounts and fair values of the Company's financial instruments.

The management assessed that the fair values of cash and short-term deposits, trade receivables, trade payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

The fair values of the Company's interest-bearing liabilities and loans are determined by using the DCF-method using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. Cosmetci Group' own non-performance risk as at 31 December 2018 was assessed to be insignificant.

The parent company has entered into interest swap agreements. Fair values of the interest swaps are calculated based on expectations on future cash flows with today's interest rates and the yield curve over the remaining fixed period.

The table below disclose information about all assets and liabilites that are either measured at fair value or where information about fair value is disclosed.

There were no transfers between the levels during 2017 or 2018.

Assets measured/disclosed at fair value	Date of valuation	Carrying amount	Level 1	Level 2	Level 3
Derivative financial instruments	43 465	0		0	
Derivative financial instruments	43 100	0		0	

Liabilities measured/disclosed at fair value	Date of valuation	Carrying amount	Level 1	Level 2	Level 3
Interest-bearing loans and liabilities	43 465	540 358	540 358		
Interest-bearing loans and liabilities	43 100	564 733	564 733		
Derivative financial instruments	43 465	0			
Derivative financial instruments	43 100	0			

	31.12.2018		31.12.2017	
NOK Thousand	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Trade and other receivables	42 494	42 494	61 165	61 165
Derivative financial instruments				
Cash and short term deposits	23 267	23 267	59 362	59 362
Financial liabilities				
Interest-bearing loans and liabilities	540 358	551 994	564 733	578 405
Accounts payable and accrude liabilities	290 110	290 110	326 604	326 604
Derivative financial instruments	0	0	483	483

5.3 Financial risk management

Overview
The Group is exposed to a range of risks affecting its financial performance, including market risk (commodity risk, currency risk, interest rate risk), liquidity risk and credit risk. The company seeks to minimize potential adverse effects of such risks through sound business practices, risk management and use of derivative financial instruments

Risk management is carried out by senior management under policies approved by the Board of Directors. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. It is the Company's policy that no trading in derivatives for speculative purposes may be undertaken. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below

(a) Market risk
Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: *commodity price risk, interest rate risk* and *foreign currency risk*. Financial instruments affected by market risk include loans and borrowings, deposits, trade receivables, trade payables, accrued liabilities and derivative financial instruments

Interest rate risk
Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates The Group's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term loan with floating interest rate. Currently, the Group has one interest rate swap, but the group does not apply hedge accounting.

Interest rate sensitivity
The following table demonstrates the sensitivity to a possible change in interest rates, with all other variables held constant, on the group's profit before tax.

	Increase/decrease in basis points	Effect on profit before tax (NOK 1000)	Effect on equity (NOK 1000)
31 december 2018	+/- 100	5 404	4 161
31 December 2017	+/- 100	5 647	4 348

Foreign currency risk
Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group is exposed to foreign exchange rate risk related to the value of NOK (functional currency) relative to other currencies, mainly due to purchase of goods in NOK (78,6 %), DKK (1,4 %), EUR (11,9% %), GbP (7,2%) and USD (0,3 %), SEK (0,1%), CHF 0,5%). The Group may seek to reduce the currency risk by entering into foreign currency instruments. The Group does not have any currency hedging instruments as of 31. December 2018, however management is monitoring movements in exchange rates closely. The Currency risk is considered to be relatively low. This due to the fact that the company can relatily easy change prices on the goods

(b) Liquidity risk
Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Group monitors its risk to a shortage of funds by monitoring its debt rating and the maturity dates of existing debt and other payables

The Groups's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and bank loans. As at 31 December 2018, the Group had available NOK 80 million (2017: NOK 97 million) of undrawn committed borrowing facilities.

During the start of 2019 the group entered into a new agreement with tha bank securing sufficent liquidity

See note 5.1 and 5.9 for an overview of maturity profile on the Group's financial liabilities and an overview about available credit lines

(c) Credit risk
Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. 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

5.4 Capital management

Accounting policy

For the purpose of the Group's capital management, capital includes issued capital, share premium and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Group's capital management is to maximise the shareholder value.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio between 2x and 7x.. The Group includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and short-term deposits, excluding discontinued operations.

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. In the spring 2018 the administrattion recognised that it woul be in violation with the covenants in q2 and q2. The group got at waiwer for covenants for this period. The group was making a new strategy plan for the next 3 years and after this plan was accepted by the board the negotions of new covenants started in november. The Comapny was in vialation by the covenants bye year end 2018. The bank and the group made new arrangments with new covenants from may 2019.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2018 and 2017

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	31.12.2018	31.12.2017
Interest bearing loans and liabilities	540 358	564 733
Trade and orher payables	290 110	327 087
(Less) Cash and Short term deposits	23 267	59 362
Net Debt	807 200	832 459
Equity	186 637	189 983
Capital and Net debt	993 838	1 022 441
Gearing ratio	5,3	5,4

5.5 Shareholder information

The Share capital of Cosmetic Group AS NOK 169 012 800 consisting of 484.000.000 shares with a par value of NOK 0,3492 each. There are one class of shares; Common A-shares.

Overview of the major shareholders of the Group as of 31.12.2018:	Total amount of shares	Ownership
Cosmetic Group Holding AS	484 000 000	100,0 %
TOTAL	484 000 000	100,0 %

All shares have been fully paid.

Shares held by the Board of Directors and Executive Management	Title	Amount of shares	Ownership
Some of the managment own shares in the mother company Cosmetic Group Holding AS			
Total		-	0,0 %

5.6 Distributions made and proposed

Accounting policy
The Company recognises a liability to make cash or non-cash distributions to equity holders of the parent when the distribution is authorised and the distribution is no longer at the discretion of the Company. A distribution is authorised when it is approved by the shareholdesr in the General Meeting. A corresponding amount is recognised directly in equity.
Non-cash distributions are measured at the fair value of the assets to be distributed with fair value remeasurement recognised directly in equity. Upon distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognised in the statement of profit or loss.

Cash dividends on ordinary shares declared and paid	**2018**	**2017**
Final dividend for 2017	0	0
Repayment of paid in share capital	0	0
Interim dividend for 2018	0	0
Total	0	0

Proposed dividend on ordinary shares	**2018**	**2017**
Final dividend for 2018 (2017)	0	0

Any proposed dividends on ordinary shares are subject to approval at the annual general meeting and are not recognised as a liability as at 31 December.

5.7 Cash and cash equivalents

Accounting policy
Cash includes cash in hand and bank deposits. Cash equivalents are in general short-term, highly liquid investments that are readily convertible into known amounts of cash with a maximum term of three months.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

The liquidity reserve is the total overdraft and revolver facilites of all Group companies, minus all utilised overdraft and revolver facilities, and added all cash on hand and deposits.

The liquidity reserve for the Group is organized in a cashpool. This implies that the cash deposit of the subsidiaries formally are account receivables towards the parent company, and all participating group companies are jointly responsible for overdraft within the Cashpool.

Accounts with deposit and debt within the cashpool are netted in the Group balance sheet.

Some subsidiaries participate in the Group's common cash pool arrangement. Legally, it is Cosmetic Group AS that is the counter part towards the Bank regarding all accounts included in this arrangement. In the parent company is deposit (overdraft) that subsidiaries have, presented as deposit (overdraft) and liability (receivables) to subsidiaries in the companies accounts. In the group report all cash I reporterted as cash.

See note 5.1 and 8.2 for more information

NOK Thousand	31.12.2018	31.12.2017
Cash in stores	709	599
Bank deposits, unrestricted	18 825	55 385
Bank deposit, restricted, employee taxes	1 524	1 108
Bank deposits, restricted, office rental deposit	2 209	2 269
Total cash and bank deposits	**23 267**	**59 362**
Liquidity reserve (unused credit line)	80 000	80 000

5.8 Trade and other receivables

Accounting policy - Trade and other receivables
For policies on trade receivables also refer to note 3.1
Trade and other receivables are initially recognised at the original invoice amount (fair value). Supplier bonuses and receivables not yet received at the end of each reporting period are included as other receivables

NOK Thousand	31.12.2018	31.12.2017
Trade receivables	13 757	41 183
Group Contribution	0	0
Other receivables	29 147	20 748
Allowance for impairment of receivables	-411	-766
Total trade and other receivables	**42 493**	**61 165**

Trade receivables are non-interest bearing and are generally on 14 to 45 day terms.
As at 31 December, the carrying amounts of trade receivables that were past due, but not impaired, were:

	Total	Not due	Past due				
			< 30 days	30–60 days	60–90 days	90–120 days	> 120 days
	MNOK	MNOK	MNOK	MNOK	MNOK	MNOK	MNOK
31.12.2018	13 757	6 775	4 874	1 017	35	627	429
31.12.2017	41 183	25 031	7 801	4 469	813	418	2 651

In determining the recoverability of a trade or other receivable, the company performs a risk analysis considering the type and age of the outstanding receivable and the creditworthiness of the counterparties.

As at 31 December, trade receivables with a nominal value of 0,4 million (2017 0,8 million) were impaired and fully provided for. Movements in the allowance for impairment of receivables were, as follows:

	2018	2017
At 1 January	766	600
Charge for the year	98	643
Amounts written off	-11	-477
Unused amounts reversed	-442	0
At 31 December	411	766

5.9 Trade and other payables

Accounting policy - Accounts and other payables
For policies on trade receivables also refer to note 6.4

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

Accounts payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. If immaterial, the interest element is not considered.

Terms and conditions of the above financial liabilities
- Accounts payables are non-interest bearing and are normally settled on 40 -day terms
- Other payables are non-interest bearing and have an average term of six months

NOK Thousand	31.12.2018	31.12.2017
Account payables	180 355	202 586
Prepayments from customers	0	0
VAT and social costs payable	30 351	32 442
Other accrued expenses	46 085	44 591
Total accounts and other payables	**256 791**	**279 619**

Aging of accounts payable

		Less than 3 months	3 to 12 months	1 to 3 years	Over 3 years	Total
Account payables	31.12.2018	180 355	0	0	0	180 355
Account payables	31.12.2017	202 586	0	0	0	202 586

5.10 Financial income and expenses

	2018	2017
Interest income	849	927
Net exchange rate gain, realised items	776	353
Other financial income	166	161
Total finance income	**1 790**	**1 442**

	2018	2017
Interest on debt and liabilities	28 782	29 638
Net exchange rate loss, realised items	2 403	4 701
Other financial costs	2 719	3 538
Total finance costs	**33 904**	**37 876**

6.1 Taxes

Accounting policy

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to calculate the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts.

Deferred tax on temporary differences associated with investments in subsidiaries is not provided if the Group can control reversal of these temporary differences and it is probable that reversal will not occur in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are offset only when the Group has a right and intention to set off current tax assets and liabilities from the same taxation authority.

Basis for tax payable.	2018	2017
Tax expense in the profit and loss	564	14 349
Correction of tax last year and change in deffered tax	-547	1 191
Tax payable in the statement of financial position	17	15 540

Tax expense for the year:	2 018	2 017
Tax payable	8 741	17 295
Change in deferred tax	-360	-3 159
Other	0	213
Total tax expense	8 381	14 349

Effect of permanent differences:	2 018	2 017
24% of profit before tax	6 971	13 949
Permanent differences (24%)	1 121	15 525
Tax rate change	291	261
Other	-0	-15 386
Tax for the year	8 382	14 349
Effective tax rate	-227,4 %	34,4 %

Deferred tax assets are recognised based on the expectation that sufficient taxable income will be available through reversal of taxable temporary differences or future taxable income. At year end 2018 and 2017 the deferred tax assets of MNOK 6,4 and MNOK 6,0 respectively, were recognised.

Basis for deferred tax - temporary differences	2018	2017
Property plant and equipment	-1 991	-5 522
Receivables	-243	-766
Provisions	-13 486	-11 317
Profit and loss account	-19 750	-18 212
Other short-term liabilities	56	69
Amortization of loan expenses	8 467	8 467
Losses carried forward	0	0
Basis for deferred tax	-26 947	-27 281

7.1 Management remuneration and post-employment benefits

Board of Directors and Executive management remuneration

The following benefits were provided to the senior management and Board of Directors:

Name	Title	Currency	Salary	Bonus	Other	Pension	Total Remuneration
Kristina Johansson	Chairman of the Board/CEO	NOK	1 125	0	209	23	1 357
Patrice R.G. Jabet	Board Member	NOK	0	0	0	0	0
Magnus Steinsvoll Prøsch	Board Member	NOK		0	0	0	0
Elisabeth Rustad-Nilssen	Board Member	NOK		0	0	0	0
Dag Opedal	Former Chairman of the Board	NOK	150	0	0	0	150
Philip J. Balderson	Former Board Member	NOK	75	0	0	0	75
Martin C. Aannestad	Former Board Member	NOK	0	0	0	0	0
Inger Johanne Solhaug	Former Board Member	NOK	75	0	0	0	75
Henrik Listeth	Former Board Member	NOK	38	0	0	0	38
Knut Røsjorde	Former CEO	NOK	2 313	601	1 371	37	4 322
Sum			3 776	601	1 580	60	6 017

No loans have been granted and no guarantees have been issued to CEO or any member of the Board of Directors.
The CEO have severance agreement og 6 month upon termination after notice periode
The Board do not have any agreement for compensation upon termination or change of employment / directorship.

Pension

The Group is required to have a compulsory pension in accordance with the Norwegian Accounting Act §7-30a. The Group has a pension plan that fulfils this requirement, which covers all employees and is a defined contribution plan.
Contributions are paid to pension insurance plans and charged to the income statement in the period to which the contributions relate. Once the contributions have been paid, there are no further payment obligations.

8.1 Related party transactions

Note 1.1 provides information about the Group's structure, including details of the subsidiaries and the holding company.

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the years ended 31 December 2018 and 2017, the Group has not recorded any impairment of receivables relating to amounts owed by related parties This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

The Group's related parties also include its key management, members of the board and majority shareholders. The Board members represent 0 % of the shares (voting rights) in the Group. None of the Board members have been granted loans or guarantees. Furthermore, none of the Board members are included in the Group's pension or bonus plans.

Please refer to note 5.5 for further information.

There were no transactions other than repayment of paid in shares between the Group and Aventure Holding AS, the ultimate parent during the financial years of 2017 and 2018.

8.2 Events after the reporting period

Accounting policy
If the Group receives information after the reporting period, but prior to the date of authorisation for issue, about conditions that existed at the end of the reporting period, the Group will assess if the information affects the amounts that it recognises in the Group's consolidated financial statements. The Group will adjust the amounts recognised in its financial statements to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in the light of the new information. For non-adjusting events after the reporting period, the Group will not change the amounts recognised in its consolidated financial statements but will disclose the nature of the non-adjusting event and an estimate of its financial effect, or a statement that such an estimate cannot be made, if applicable.

In April 2018 the group saw that it would not comply with the covenants for the rest of 2018 and got a waiver for Q2 and Q3 in 2018 with an agreement of starting negotiations later in 2018 immediately following the conclusion of the strategy and businessplan process. Despite constructive negotiations to secure long term funding with the bank, the parties failed to reach an agreement by year end and the group was in breach with the covenants by year end 2018. The group received a letter from the bank regarding event of default in March 2019. This was adressed in several board meetings and the negotiations with the bank continued until reaching an agreement by the end of April 2019. The group secured new financing of MNOK 50 released in two tranches, and the repayment of MNOK 13.4 in June was postponed. The old covenants were waivered and the new covenants are linked to accumulated EBITDA, liquidity forecast and liquidity. The group are meeting all new covenants at the day of signing the account. Used amount of new financing and postponed repayment is due for payment in December 2019.

8.3 Standard and amendments issued but not yet effective

The future consolidated financial statements will be affected by new and amended IFRS standards and iterpretations which have been published but are not effective as of 31 December 2018. The effect of new and amended IFRS standards and interpertations which may have a significant impact on the Group have been summarized below.

IFRS 15 Revenue from Contracts with Customers (effective from 1 January 2018, approved by the EU). IFRS 15 establish a new five-step model that will apply to revenue arising from contracts with customers. The core principle of IFRS 15 is that revenue is recognised to reflect the transfer of contracted goods or services to customers, and then at an amount that reflects the consideration the company expects to be entitled to in exchange for those goods or services. With a few exceptions, the standard applies to all income-generating contracts with customers and provides a model for the recognition and valuation of the sale of certain non-financial assets (e.g. sale of property, plant and equipment).

The group management has assessed the impact of the new revenue recognition standard, and the new standard did not have significant effect om the amount and pattern of revenue recognition for the group.

IFRS 9 Financial instruments (effective from 1 January 2018 and approved by the EU). The standard replaces IAS 39. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. The standard was implemented retrospectively, except for hedge accounting, but preparing comparative figures is not a requirement. The rules for hedge accounting should mainly be implemented prospectively but with some exceptions. Based on assessment made by the group management the standard has no material impact on consolidated financial statements.

IFRS 16 Leases (effective from 1 January 2019, but not approved by the EU). IFRS 16 replaces existing IFRS leases requirements, IAS 17. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, ie the customer ('lessee') and the supplier ('lessor'). The new leases standard requires lessees to recognise assets and liabilities for most leases, which is a significant change from current requirements. For lessor, IFRS 16 substantially carries forward the accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases separately.

The Group has made an initial assessment of the impact of IFRS 16 and anticipate significant effects on the financial statements as it is likely that several of its lease agreements need to be recognised on the balance sheet. No decision has been made whith respect to the implementation of the standard which can be implemented using either the full retrospective or modified retrospective method.

The group as during q4 2018 considered all its rent and leasing contracts. Rent and leasingcontracts that is bigger than NOK 50.000 and last for more than 12 months will be regognised as asstes and liabilitities.

The total effects of the standard were not finally determined. The group expects that the lease liability as of 1 January 2019 will amount to approximately mNOK 276. The right of use asset is expected to be at approximately the same level. The total capital would have increased from mNOK yy to mNOK zz if the calculated amount was recognized in the balance sheet as of 31 December 2018. The group's equity of mNOK cc would not have been changed, but the equity ratio would have decreased from dd to pp %. The figures are preliminary estimates based on current interpretations of the accounting standard. See note 4.1 for more information about group's leases. There are no other IFRS' or IFRIC interpretations that are not yet effective that are expected to have any material impact on our consolidated financial statements.

8.4 Continued operation

The financial statements are prepared on a going concern basis and the Board confirms that this assumption is present, according to the Norwegian Accounting Act 3-3.
The Board expects that physical retail in Norway will continue to be a challenging environment in 2019. The inherent uncertainties in the market have increased the internal uncertainties in the company and consequently triggered a number of counter-initiatives from management. Despite these initiatives we note that the current financial forecasts may be impaired by market conditions.

A new agreement has been put in place in April 2019 to secure additional liquidity for the Group. That additional facility falls due in December 2019. The remaining outstanding debt is due for payment medio 2021.

The liquidity in the company and the Group has been constrained in 2018 due to reduced sales and profitability. At year-end 2018 the Group did not comply with its financial covenants, and as a consequence all the bank debt is presented as short-term debt in the financial balance sheet. A new agreement has been put in place in April 2019 to secure additional liquidity for the Group. That additional facility falls due in December 2019. This facility is planned to be repaid by profitability and cash flow generated in the seasonally strong fourth quarter, as well as by other measures taken by the company, including, but not limited to, continued reduced working capital levels.

Alternative Performance Measures
Items excluded from Underlying Operating profit - Cosmetic Group

NOK Million	2018	2017
Total operating profit	28 425	78 094
Amortisation, depreciation and impairment loss	44 452	51 756
EBITDA	72 878	129 851
Non-recurring costs (financial and legal advise)	4 760	7 845
Restructuring charges and closure costs	5 070	411
Other effects	400	285
Items Excluded from underlying EBITDA	10 230	8 541
Underlying EBITDA	83 108	138 392
Total operating profit	28 425	78 094
Transaction cost	4 760	7 845
Restructuring charges and closure costs	5 070	411
Other effects	400	285
Impairment	0	9 254
Items excluded from Underlying Operating profit	10 230	17 795
Underlying Operating profit	38 655	95 889
VITA	1 659	285
LOCO	294	411
Holding, other	8 277	7 845
Items Excluded from underlying EBITDA	10 230	8 541
Total depreciation, amoortisation and imparment	0	9 254
Items excluded from Underlying Operating profit	10 230	17 795

Restructuring charges and closure costs includes close-down of unprofitable stores.

APMs are used by Buddy Holding for annual and periodic financial reporting to provide a better understanding of the company's underlying financial performance for the period.

Underlying EBITDA is also used by management to drive performance in terms of target setting. These measures are adjusted IFRS measures defined, calculated and used in a consistent and transparent manner over time and across the company where relevant. Operational measures such as volumes, prices and currency effects are not defined as APMs. Buddy Holding focuses on Underlying EBITDA and Underlying operating profit in the discussions of periodic operating results for the segments and for the Group.

Each of the following APMs has been defined by the Group as follows:

- Underlying Operating profit is defined as Operating profit adjusted for material items which are not regarded as part of underlying business performance for the period, such as costs related to acquisitions and divestments, major restructuring costs and closure costs, major impairments of property, plant and equipment, depreciations of excess values of tangibles, effects of disposals of businesses and operating assets, as well as other major effects of a special nature.

- EBITDA is defined as operating profit (loss) before interests, income tax, depreciation and amortisation.

- EBITDA margin is defined as EBITDA diveded by net sales

- Underlying EBITDA is defined as EBITDA adjusted for material items which are not regarded as part of underlying business performance for the period, such as costs related to acquisitions and divestments, major restructuring costs and closure costs, major impairments of property, plant and equipment, effects of disposals of businesses and operating assets, as well as other major effects of a special nature.

- Gross margin is defined as net sales less cost of goods sold

Building a better working world

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INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Cosmetic Group AS

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Cosmetic Group AS comprising the financial statements of the parent company and the Group. The financial statements of the parent company comprise the balance sheet as at 31 December 2018, the income statement and statements of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies. The consolidated financial statements comprise the balance sheet as at 31 December 2018, the statements of comprehensive income, cash flows and changes in equity for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion,

- the financial statements are prepared in accordance with the law and regulations
- the financial statements present fairly, in all material respects, the financial position of the parent company as at 31 December 2018, and of its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway
- the consolidated financial statements present fairly, in all material respects the financial position of the Group as at 31 December 2018 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU

Basis for opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company and the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in Norway, and we have fulfilled our ethical responsibilities as required by law and regulations. We have also complied with our other ethical obligations 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.

Emphasis of matter

We draw attention to the section "Elaboration of the annual accounts" in the Board of Directors report, note 3.1 of the consolidated financial statements and note 3 of financial statements of the parent company which describe valuation of goodwill and shares in subsidiaries. Challenging market situation and lower results are indicators of impairment. Management has estimated the value in use of goodwill and shares in subsidiaries and performed sensitivity analysis. Sensitivity analysis shows that there is limited headroom and small change in margin may result in impairment. Our opinion is not modified in respect of this matter.

Other information

Other information consists of the information included in the Company's annual report other than the financial statements and our auditor's report thereon. The Board of Directors and Chief Executive Officer (management) are responsible for the other information. Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway for the financial statements of the parent company and International Financial Reporting Standards as adopted by the EU for the financial statements of the Group, 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 ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intends to liquidate the Company 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, 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 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'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 to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance 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.

Report on other legal and regulatory requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report concerning the financial statements, the going concern assumption and proposal for the allocation of the result is consistent with the financial statements and complies with the law and regulations.

Opinion on registration and documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, «Assurance Engagements Other than Audits or Reviews of Historical Financial Information», it is our opinion that management has fulfilled its duty to ensure that the Company's accounting information is properly recorded and documented as required by law and bookkeeping standards and practices accepted in Norway.

Oslo, 2 July 2019
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The auditor's report is signed electronically

Tommy Romskaug
State Authorised Public Accountant (Norway)

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"Med min signatur bekrefter jeg alle datoer og innholdet i dette dokument."

Tommy Romskaug
Statsautorisert revisor
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Serienummer: 9578-5992-4-2914925
IP: 145.62.xxx.xxx
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