Interim report Q1 2016

Dear Shareholders

The first quarter is historically our weakest in terms of revenue and profit, but it is an important quarter for our preparations for the remainder of the year. Our main focus is to continue growth-enhancing strategic and operational initiatives:

- Revenues in the first quarter declined by 0.6% and was impacted by 2 less shopping days compared to last year due to the timing of Easter. Revenues in April is counteracting due to an increase of three shopping days this month, and accumulated revenues for the first four months of 2016 show an increase of 3.9%.
- The gross margins are improving year-over-year as the price adjustments are taking full effect.
- Kid's strategy to hedge USDNOK FX fluctuations at approximately 6 months forward has been adopted since April 2015, and provides the necessary predictability in our price setting and hence our gross margins.
- After more than one year of development, we launched a new online store at www.kid.no at the end of Q1.
- Our customer loyalty program gives us increasing store traffic, shopping frequency and basket size. By the end of the first quarter, the loyalty program had 315,000 members.
- We are working actively to identify new store locations, but we have not signed any new rental agreements this quarter. We believe that patience is key to a successful store rollout, as all new stores must meet our requirements for market size, store visibility, rental cost, etc. We remain confident that the right locations at our targeted shopping centres will become available. Two new stores, signed in 2015, will open in April 2016 in Asker (Oslo) and Mortensrud (Oslo).
- Store refurbishments have been driving revenue growth and profitability over the past years. Including the ongoing projects, 9 of our top 10 stores are now refurbished and we are expecting to complete the final store during 2016.
- In 2015 we renewed the categories within window blinds and kitchen wear, and in the first quarter of 2016 these categories were further optimised with regards to merchandising and design. This resulted in strong growth in the quarter. There is a growth potential in several of our categories which our assortment and category department are addressing.
- In Q1 we introduced organic towels and bed linens – a strengthening of our offering of environmental friendly products.

The new online store is a critical milestone and an important part of our online strategy which aims to provide customers with a seamless shopping experience. The store now enables a responsive design, which means that you can just as easily shop from your smartphone as from your desktop. It also offers customers the opportunity to select our stores as a pick-up point for their online orders. Also, business customers have a separate site to meet their shopping demands. All-in-all, the site enables the visitors to easily find the products they are looking for, and we have added inspiration to the experience that we believe will increase products per customer. Just as we focus on driving footfall to our physical stores, the new online store meets requirements for search optimization to better direct potential customers to www.kid.no. In April, the online store sales have increased by 75.8% compared to last year which is a promising start.

Yours sincerely,

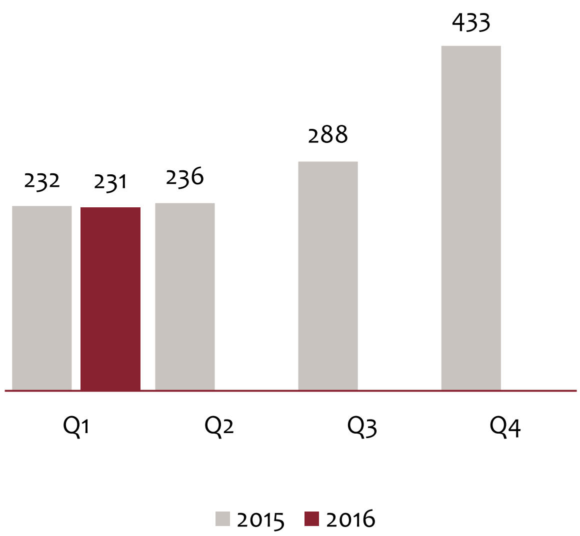
Kjersti Hobøl
CEO

First quarter in brief

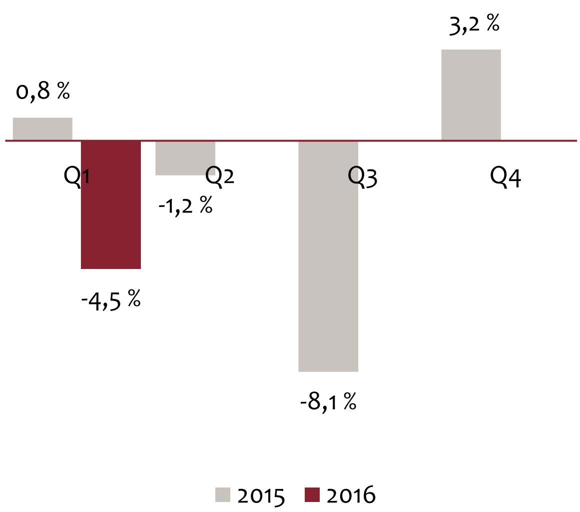
(Figures from corresponding period the previous year in brackets)

- Revenues of MNOK 230.6 (MNOK 231.9), decreasing by 0.6%. Revenues were negatively impacted by the Easter holiday in Q1, compared to Q2 last year. The number of shopping days in the quarter was 74 (76).
- The sale of home textiles in Q1 2016 in specialised stores in Norway decreased by 2.4%, according to Statistics Norway.
- Like-for-like (LFL) sales decreased by 4.5% in the quarter.
- Gross margin after realised currency effects of 58.5% (57.9%) in Q1. The increase in gross margins is due to increased prices and the fact that the company resumed its currency hedging strategy during 2015.
- Adjusted EBITDA of MNOK 0.5 (MNOK 9.0) in Q1.
- The store in Porsgrunn was relocated into DownTown shopping center, and the stores in Tiller (Trondheim) and Lamberseter (Oslo) were refurbished.

Revenues, MNOK



Like-for-like growth

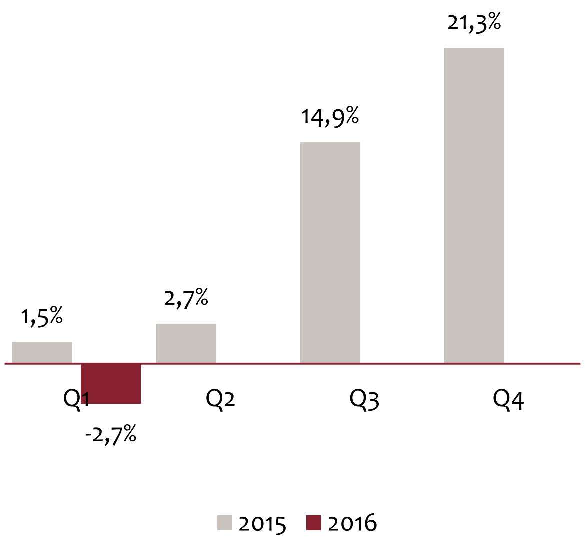


Key figures

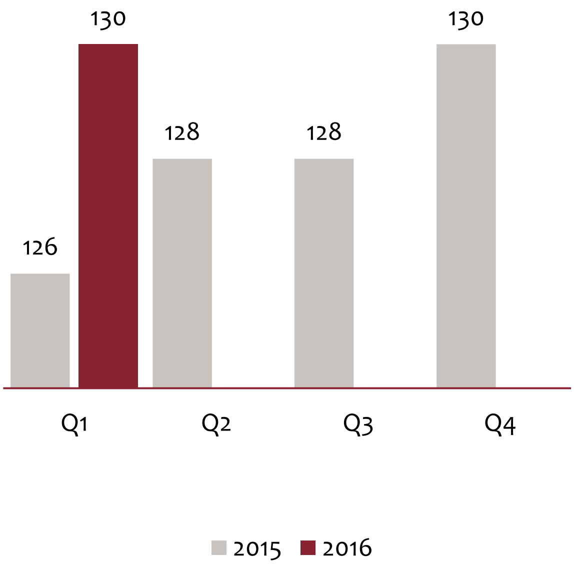
(Amounts in MNOK)	Q1 2016	Q1 2015	Full year 2015
Revenues	230,6	231,9	1188,4
Growth	-0,6%	7,8%	4,6%
LFL growth	-4,5%	0,8%	-1,1%
No. of shopping days in period	74	76	304
No. of physical stores at period end	130	126	130
COGS including realized FX-effects	-95,7	-97,7	-475,9
Gross profit	134,9	134,2	712,6
Gross margin (%)	58,5%	57,9%	60,0%
Adj. EBITDA*	0,5	9,0	169,3
EBITDA margin (%)	0,2%	3,9%	14,2%
Adj. EBIT*	-6,2	3,4	144,9
EBIT margin (%)	-2,7%	1,5%	12,2%
Adj. Net Income*	-7,1	-1,1	92,8
#shares at period end	40,6	35,0	40,6
Adj. Earnings per share	-0,18	-0,03	2,28

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

Adjusted EBIT margin



Number of physical stores (period end)



Financial review

The figures reported in the Q1 report have not been subject to a review by the Group's auditor PwC, and the preparation has required management to make accounting judgements and estimates that impact the figures. Figures from corresponding period the previous year are in brackets, unless otherwise specified.

Profit and loss

The first quarter is the least important with regards to revenue and profit for Kid Interiør. In 2015, Q1 accounted for 20% of annual revenues, and the corresponding number for adjusted EBITDA was 5%.

Revenue in the first quarter of 2016 amounted to MNOK 230.6 (MNOK 231.9), which represents a decrease of 0.6% compared to the first quarter of 2015 (7.8%). The decrease was primarily driven by two less shopping days due to timing of Easter. Revenues in April have an opposite effect from the timing of Easter, and Kid ASA has therefore decided to disclose April revenues in the end of this section.

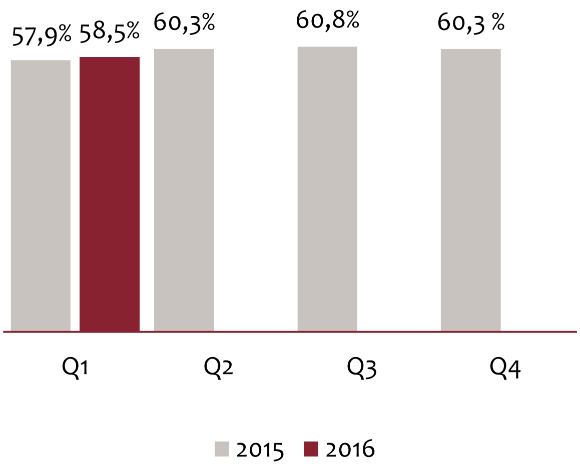
Online sales grew 32.2% in the first quarter of 2016 compared to the first quarter of 2015. Last twelve months online revenues were MNOK 21.7 as of March 31 2016 - a growth of 47.1% from the corresponding period last year. A new online store was launched at the end of the quarter.

During the first quarter of 2016, the store in Porsgrunn was relocated into DownTown shopping center, and the stores in Tiller (Trondheim) and Lamberseter (Oslo) were refurbished.

Gross margin after realised currency effects was 58.5% (57.9%) for the quarter. The gross margin was negatively affected by the strengthening of the USDNOK exchange in 2015, as approximately 90% of goods purchases are denominated in USD.

To compensate for a weaker NOK, Kid has increased prices to customers accordingly, and hence improved gross margin by 0.6 percentage points in the first quarter of 2016.

Gross margin:

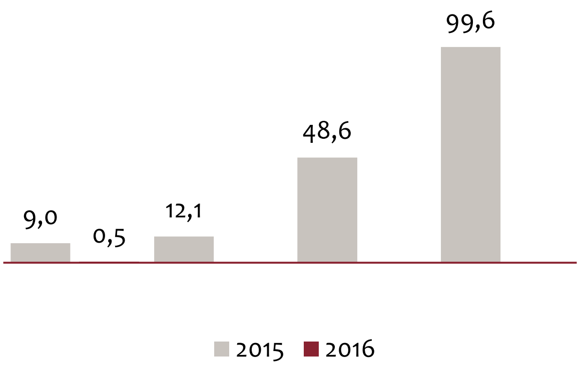


Other operating expenses, including employee benefit expenses, were MNOK 134.4 (MNOK 125.6) in the first quarter. The cost increase was due to four new stores compared to the same quarter last year and HQ rental costs. The cost base in the first half of the year, and especially in the first quarter, has a low degree of flexibility, as sales are at a low level compared to the second half year. Efforts are therefore made to minimize costs during this period, and will generally increase by inflation, salary increase and volume effects from new stores.

Employee expenses amounted to MNOK 67.9 (MNOK 63.7) in the first quarter, an increase of 6.7%. 2.5% of the increase is related to new stores. In accordance with Norwegian working environment act, most employees receive salary during Easter.

Other operating expenses have increased in the period to MNOK 77.0 (MNOK 74.8) in the first quarter, an increase of 7.3%. The main reason for the increase was house rental costs, which is driven by new stores, general inflation and increased rental cost for the new central warehouse. Of the 7.3% increase, new stores and headquarter rental costs account for 4.3% and other rental cost accounted for 2,6%. Other operating expenses except rental costs accounted for the remaining 0.4%.

Adjusted EBITDA



Adjusted EBITDA amounted to MNOK 0.5 (MNOK 9.0) in the first quarter. EBITDA is adjusted for unrealized losses/gains related to fluctuations in spot rates vs. currency derivative hedging values. For the first quarter, Kid had a change in unrealized loss of MNOK -16.1 (gain of MNOK 4.7). EBITDA was negatively affected by negative like-for-like growth combined with increased costs.

Adjusted EBIT amounted to MNOK -6.2 (MNOK 3.4) in the first quarter. EBIT was affected by increased depreciation due to last year's CAPEX levels.

Adjusted net financial expenses amounted to MNOK 3.3 (MNOK 4.9) in the first quarter. Net financial expenses are adjusted for expenses and fair value adjustments related to a swap contract of MNOK 1.0 in the first quarter of 2015. The swap contract was terminated on November 3rd 2015. Adjusted net financial expenses were positively affected by decreased loan margins and lower long-term debt.

Ceiling lights was first introduced in Kid stores during the first quarter of 2016

Adjusted net income amounted to MNOK -7.1 (MNOK -1.1) in the first quarter. A complete adjustments overview is provided in the following table:

Adjustments overview *(MNOK)*	**Q1 2016**	**Q1 2015**
Unrealized losses/gains (FX)	16,5	-4,7
EBITDA adjustments	**16,5**	**-4,7**
SWAP	0	-1,0
Profit adjustments before tax	**16,5**	**-5,7**
Tax effect of profit adjustments	-4,1	1,5
Net profit (loss) adjustments	**12,4**	**-4,2**

Events after the end of the reporting period

Due to 2 less shopping days during Easter in the first quarter compared to 2015, Kid ASA has decided to announce the revenues per April 2016 in this quarterly report. In the first four months of 2016, there were one additional shopping days, and revenues had a growth of 3.9% and like-for-like decreased 0.2%. Online sales increased by 41.2%.

On 11th of May 2016, an ordinary general meeting was held in Kid ASA in the company headquarters in Lier. All proposed resolutions were voted in favour of, hereunder a dividend of NOK 1.5 per share for 2015. Minutes of the annual general meeting and details for the dividend payment is provided at http://investor.kid.no .

Lier, 12th May 2016

The board of Kid ASA

Henrik Schüssler
Chairman

Bjørn Rune Gjelsten
Board member

Karin Bing Orgland
Board member

Vilde Falck-Ytter
Board member

Pål Frimann Clausen
Board member

Kid ASA Q1 2016

Financial statements

Interim condensed consolidated statement of profit and loss

(Amounts in NOK thousand)	Note	Q1 2016 Unaudited	Q1 2015 Unaudited	Full Year 2015 Audited
Revenue		230 554	231 928	1 188 433
Other operating income		34	379	1 294
Total revenue		**230 589**	**232 308**	**1 189 726**
Cost of goods sold		102 609	99 614	498 267
Employee benefits expense		67 936	63 662	271 342
Depreciation and amortisation expenses	9	6 725	5 612	24 447
Other operating expenses		66 488	61 967	282 690
Total operating expenses		**243 759**	**230 856**	**1 076 745**
Other realized (losses)/gains- net	**6**	6 925	1 932	22 405
Other unrealized (losses)/gains- net	**6**	-16 546	4 715	14 206
Operating profit		**-22 792**	**8 099**	**149 592**
Other financial income		174	110	471
Other financial expense		3 458	7 040	26 225
Changes in fair value of financial current assets		0	3 008	5 537
Net financial income (+) / expense (-)		**-3 284**	**-3 922**	**-20 217**
Profit before tax		**-26 076**	**4 177**	**129 375**
Income tax expense		-6 534	1 126	5 297
Net profit (loss) for the period		**-19 542**	**3 051**	**124 078**
Interim condensed consolidated statement of comprehensive income				
Profit for the period		-19 542	3 051	124 078
Other comprehensive income		0	0	0
Total comprehensive income		**-19 542**	**3 051**	**124 078**
Attributable to equity holders of the parent		-19 542	3 051	124 078
Earnings per share (EPS):		**-0,48**	**0,09**	**3,45**

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

Interim condensed consolidated statement of financial position

(Amounts in NOK thousand) **Assets**	**Note**	**31.03.2016** Unaudited	**31.03.2015** Unaudited	**31.12.2015** Audited
Trademark	9	1 459 585	1 459 585	1 459 585
Total intangible assets		**1 459 585**	**1 459 585**	**1 459 585**
Fixtures and fittings, tools, office machinery and equipment	9	88 198	74 134	86 081
Total tangible assets		**88 198**	**74 134**	**86 081**
Total fixed assets		**1 547 782**	**1 533 719**	**1 545 666**
Inventories		248 881	251 725	215 211
Trade receivables		1 564	3 671	2 996
Other receivables	6	23 591	10 580	23 322
Derivatives	6	0	4 715	14 206
Total receivables		**25 155**	**18 966**	**40 524**
Cash and bank deposits		121 023	10 587	230 373
Total current assets		**395 059**	**281 278**	**486 108**
Total assets		**1 942 841**	**1 814 997**	**2 031 774**

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

Interim condensed consolidated statement of financial position

(Amounts in NOK thousand) **Equity and liabilities**	**Note**	**31.03.2016** Unaudited	**31.03.2015** Unaudited	**31.12.2015** Audited
Share capital		48 774	42 000	48 774
Share premium		321 049	156 874	321 049
Other paid-in-equity		64 617	37 718	64 617
Total paid-in-equity		**434 440**	**236 592**	**434 440**
Other reserves - OCI		0	0	0
Other equity		490 991	409 141	510 532
Total equity		**925 430**	**645 733**	**944 972**
Pensions liabilities		0	15	0
Deferred tax		364 553	390 210	371 143
Total provisions		**364 553**	**390 225**	**371 143**
Liabilities to financial institutions		525 581	556 093	525 761
Derivatives		0	22 884	0
Total long-term liabilities		**525 581**	**578 977**	**525 761**
Liabilities to financial institutions		0	62 459	0
Trade creditors		37 339	30 299	38 785
Tax payable		10 210	25 105	21 739
Public duties payable		27 759	33 091	69 634
Derivative financial instruments	6	2 340	0	0
Other short-term liabilities		49 628	49 108	59 740
Total short-term liabilities		**127 277**	**200 062**	**189 898**
Total liabilities		**1 017 411**	**1 169 264**	**1 086 802**
Total equity and liabilities		**1 942 841**	**1 814 997**	**2 031 774**

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

Interim condensed consolidated statement of changes in equity

(Amounts in NOK thousand)	Total paid- in equity	Other equity	Total equity
	Unaudited	Unaudited	Unaudited
Balance at 1 January 2015	236 592	406 090	642 683
Profit for the period YTD 2015	0	3 051	3 051
Group contribution to/from parent company	0	0	0
Balance as at 31 March 2015	**236 592**	**409 141**	**645 733**
Balance at 1 January 2016	434 440	510 532	944 972
Profit for the period YTD 2016	0	-19 542	-19 542
Contributions of equity, net of transaction costs	0	0	0
Group contribution to/from parent company	0	0	0
Balance as at 31 March 2016	**434 440**	**490 990**	**925 430**

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

Interim condensed consolidated statement of cash flows

(Amounts in NOK thousand)	Note	Q1 2016 Unaudited	Q1 2015 Unaudited	2015 Audited
Cash flow from operations				
Profit before income taxes		-26 076	4 177	129 375
Taxes paid in the period		-11 585	-9 100	-26 942
Gain/loss from sale of fixed assets		0	0	0
Depreciation & impairment	9	6 725	5 612	24 447
Change in financial derivatives		16 546	-7 723	-19 743
Differences in expensed pensions and payments in/out of the pension scheme		0	0	-15
Effect of exchange fluctuations		2 617	785	761
Items classified as investments or financing		3 284	6 930	25 754
Change in working capital				
Change in inventory		-33 670	-51 542	-23 282
Change in trade debtors		1 432	-1 827	-1 152
Change in trade creditors		-1 446	8 914	25 654
Change in other provisions*		-52 002	-44 348	-6 213
Net cash flow from operations		**-94 175**	**-88 120**	**128 644**
Cash flow from investments				
Net proceeds from investment activities		0	0	0
Purchase of fixed assets	9	-8 842	-9 857	-40 638
Net cash flow from investments		**-8 842**	**-9 857**	**-40 638**
Cash flow from financing				
Change in debt		-180	17 209	-95 937
Net interest		-3 537	-6 930	-29 456
Net proceeds from shares issued		0	0	169 451
Net cash flow from financing		**-3 717**	**10 279**	**44 058**
Cash and cash equivalents at the beginning of the period		230 373	99 070	99 070
Net change in cash and cash equivalents		-106 733	-87 698	132 065
Exchange gains / (losses) on cash and cash equivalents		-2 617	-785	-761
Cash and cash equivalents at the end of the period		**121 023**	**10 587**	**230 374**

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

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

Note 1 Corporate information

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

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

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

Note 2 Basis of preparations

These condensed interim financial statements for the three months ended 31 March 2016 have been prepared in accordance with IAS 34, 'Interim financial reporting'. The condensed interim financial statements should be read in conjunction with the consolidated financial statements for the year ended 31 December 2015, which have been prepared in acccordance with IFRS as adopted by the European Union ('IFRS').

Note 3 Accounting policies

The accounting policies applied in the preparation of the condensed consolidated interim financial statements are consistent with those applied in the preparation of the annual IFRS financial statements for the year ended 31 December 2015.

Amendments to IFRSs effective for the financial year ending 31 December 2015 are not expected to have a material impact on the group.

The Group has not early adopted standards, interpretations or amendments that have been issued but is not yet effective.

Kid ASA is planning an early adoption of the new IFRS 9 standard related to hedge accounting when it is approved by the European Union.

Note 4 Estimates, judgements and assumptions

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

In preparing these condensed interim financial statements the significant judgements made by management inn applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements for the year ended 31 December 2015.

Note 5 Segment information

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

Note 6 Financial instruments

The group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.
The condensed interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the group's annual financial statements as at 31 December 2015.
There have been no changes in any risk management policies since the year end.

Set out below is a comparison of the carrying amounts and fair values of financial assets and liabilities as at 31 March 2016 and 31 March 2015.

(Amounts in NOK thousand)	31 March 2016		31 March 2015	
Financial assets	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Loans and receivables				
Trade and other receivables excluding pre-payments	1 589	1 589	3 696	3 696
Cash and cash equivalents	121 023	121 023	10 587	10 587
Total	**122 612**	**122 612**	**14 283**	**14 283**
Financial liabilities				
Borrowings (excluding finance lease liabilities)	525 000	525 000	617 459	617 459
Finance lease liabilities	581	581	1 093	1 093
Trade and other payables excluding non-financial liabilities	59 775	59 775	57 293	57 293
Total	**585 356**	**585 356**	**675 845**	**675 845**

Financial instruments measured at fair value through profit and loss				
Derivatives - asset				
Foreign exchange forward contracts	0	0	4 715	4 715
Total	**0**	**0**	**4 715**	**4 715**
Derivatives – liabilities				
Interes rate swaps	0	0	22 884	22 884
Foreign exchange forward contracts	2 340	2 340	0	0
Total	**2 340**	**2 340**	**22 884**	**22 884**

Fair value hierarchy
All financial instruments for which fair value is recognized or disclosed are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole, as follows:
Level 1 Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
Level 2 Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
Level 3 Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

There were no transfers between Levels or changes in valuation techniques during the period.
All of the Group’s financial instruments that are measured at fair value are classified as level 2.

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

Note 7 Earnings per share

	Q1 2016	Q1 2015	2015
Weighted number of ordinary shares	40 645 162	35 000 000	35 940 860
Net profit or loss for the year	-19 542	3 051	124 078
Earnings per share (basic and diluted) (Expressed in NOK per share)	-0,48	0,09	3,45

Note 8 Related party transactions

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

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

The following table provides the total amount of transactions that have been entered into with related parties during the three months ended 31 March 2016 and 2015:

Lease agreements:	Q1 2016	Q1 2015
Vågsgaten Handel AS with subsidiaries (Store rental)	305	0
Gilhus Invest AS (Headquarter rental)	3 263	0
Total	**3 568**	**0**

Note 9 Fixed assets and intangible assets

(amounts in MNOK)	PPE	Trademark
Balance 01.01.2016	86,1	1459,6
Additions	8,8	
Disposals and write downs	0,0	
Depreciation and amortisation	-6,7	
Balance 31.03.2016	**88,2**	**1459,6**

(amounts in MNOK)	PPE	Trademark
Balance 01.01.2015	69,9	1459,6
Additions	9,9	
Disposals and write downs	0,0	
Depreciation and amortisation	-5,6	
Balance 31.03.2015	**74,1**	**1459,6**

Definitions

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

Disclaimer

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