Kid ASA

16 August 2016

Q2 2016

Presentation available at investor.kid.no

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Highlights Q2 2016

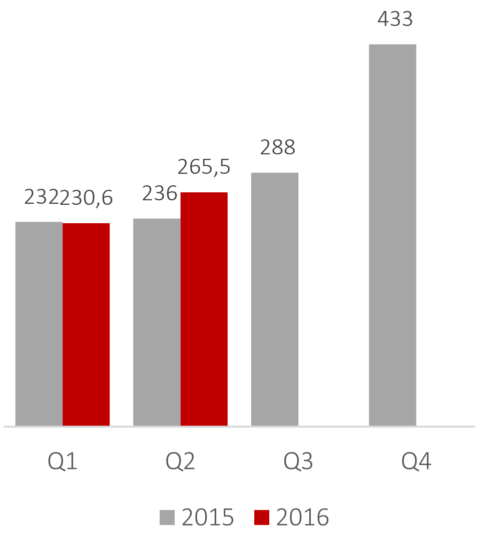
- Revenues increase of 12.6% compared to Q2 2015
    - Three additional shopping days due to timing of Easter
    - LFL growth of 8.9% including online sales
    - Online sales growth of 65.7%
- Gross margin of 59.4% (60.3% LY)
- Adjusted EBITDA of MNOK 18.8 (MNOK 12.1 LY)
    - Employee benefits expense increased by 7.9%, where 2.5pp of the increase was due to new stores
    - Other OPEX increased by 5.6%, where 2.2pp was due to new stores
    - OPEX in line with expectations
- New lending agreement with DNB Bank for the MNOK 525 long term debt

Revenues and market share

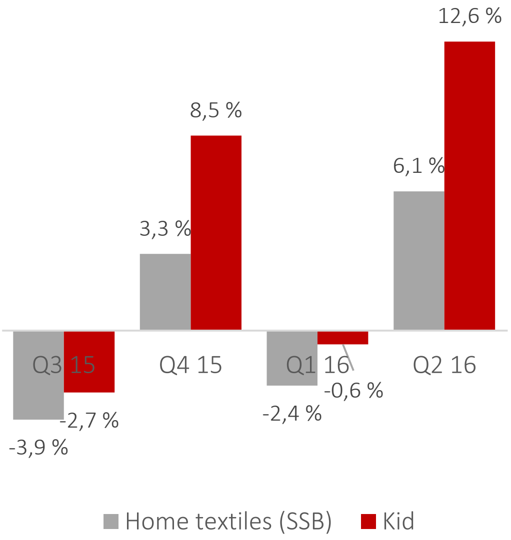
Q2 revenues increased by 12.6%

- Three more shopping days due to timing of Easter
- Like-for-like growth of 8.9%. Definition of like-for-like stores now includes online store
- 4 new stores since Q2 2015
- Online sales growth of 65.7%
- Kid outperformed home textile market by 6.5pp in the second quarter. Home textile market performed at similar level as broader retail benchmark

Revenue



Market



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Operational focus

Growth enhancing initiatives in Q2:

- Kid ASA has signed a rental agreement for an expansion of the headquarter and logistics center in Lier
    - 3.735 sqm additional warehouse to be finalized in December 2016
    - New mezzanine of 793 sqm in the current warehouse to be finalized in March 2017. The mezzanine will be used by the online store logistics operation
- Customer loyalty program has been active for one year and now have more than 400.000 members
- Online store under continuous development. Improved B2B site launched during Q2, and new mobile payment solution ready to launch

Operational focus

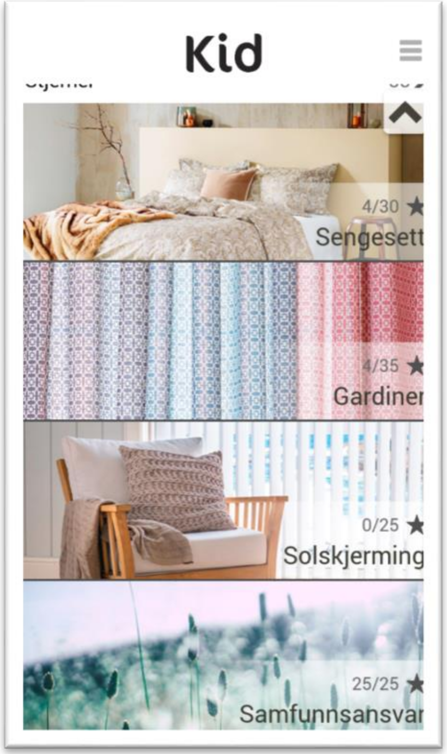
Store portfolio development:

- New stores opened in Mortensrud (Oslo) and Trekanten (Asker)
- Refurbishment of Moa (Ålesund) and Stovner (Oslo)
- Relocated the store in Alna (Oslo)
- All top 10 stores are now refurbished

Operational focus

Retail sales training

- Retail sales training is a key growth initiative for Kid ASA. Benchmark of store level service indicate potential compared to broader retail standards
- Training application for smart phones and tablets launched for store employees during Q2. The application will increase product knowledge for 900+ store employees
- Interactive in-store simulation module expected to be launched within Q1 2017. The module is based on a gaming platform and it is aimed at enhancing products knowledge, improved sales approach and increasing service skills.



Financial focus

New lending agreement with DNB Bank

- New lending agreement signed with DNB Bank for the MNOK 525 long term debt facility from May 2017 to May 2020
- No mandatory installments
- Comfortable headroom with respect to covenants
- A small increase in interest margin based on longer duration

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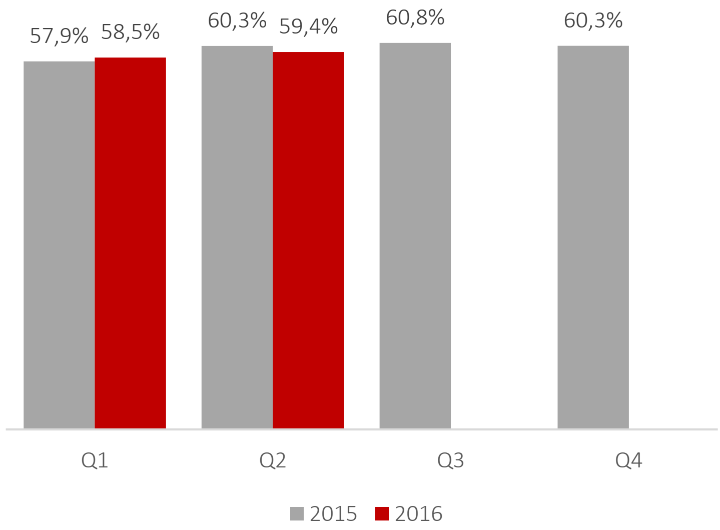
Gross margin

Gross margin decline of 0.9 pp in Q2

- Gross margin including realized currency effects was 59.4% for the quarter, a decrease of 0.9 percentage points from Q2-2015
- The timing of the accounting recognition of loss/gain from foreign exchange contracts and the realized gross margin on a spot basis are not synchronized using the current IFRS standards
- Kid ASA is planning an early adoption of the new IFRS 9 standard related to hedge accounting. When applying hedge accounting, the gross margin in Q2 show an improvement from 59.7% last year to 61.5% in 2016

Gross margin in 2015 and 2016



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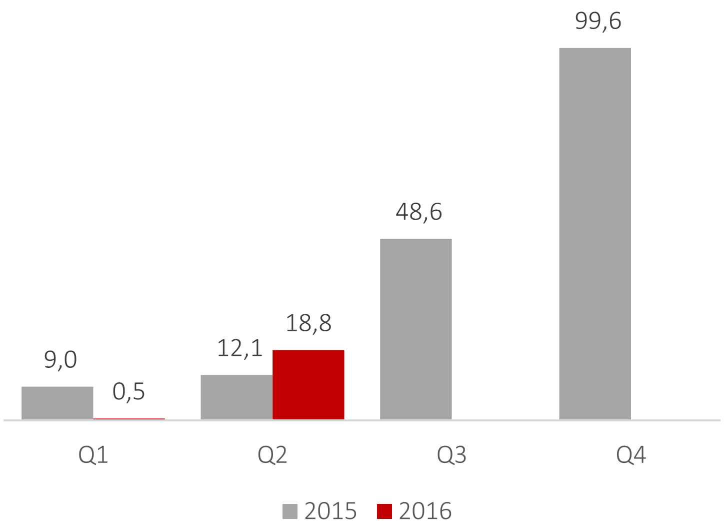
Adjusted EBITDA*

Adjusted EBITDA of MNOK 18.8 in Q2 (MNOK 12.1)

- EBITDA was positively affected by a higher like-for-like growth, but negatively affected by a drop in gross margin
- Employee benefits expenses increased by 7.9% in Q2 2016, in line with our expectations
  - 2.5 pp of the increase was due to new stores
  - Remainder of the increase due to general salary increase and three additional shopping days
- Other OPEX increased by 5.6% in Q2 2016
  - 2.2% of the increase due to new stores
  - 2.3% of the increase due to other rental costs
  - 1.1% of the increase due to other OPEX

Adjusted EBITDA 2015 and 2016



*Please see adjustment overview in appendix

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Income statement*

Q2 adjusted net profit of MNOK 6.6 (MNOK 1.1)

- Depreciation increased due to last year`s CAPEX levels
- Financial expenses reduced due to lower interest rate on long term debt and debt instalment of MNOK 75 in November 2015
- Q1 2016 adjusted for unrealized losses/gains on USDNOK forward contracts and the related tax effect
- Corporate tax rate is 25% in 2016 (27% in 2015)

Income statement

Amounts in MNOK	Q2 2016	Q2 2015	H1 2016	H1 2015
Revenue	265,5	235,8	496,0	467,7
COGS including realized FX-effects	-107,9	-93,6	-203,6	-191,2
Gross profit	**157,6**	**142,2**	**292,4**	**276,5**
Gross margin (%)	*59,4 %*	*60,3 %*	*59,0 %*	*59,1 %*
Other operating income	0,0	0,0	0,0	0,4
OPEX	-138,8	-130,1	-273,2	-255,8
Adj. EBITDA	**18,8**	**12,1**	**19,3**	**21,1**
EBITDA margin (%)	7,1 %	5,1 %	3,9 %	4,5 %
Depreciation and amortisation	-6,8	-5,8	-13,6	-11,4
Adj. EBIT	**12,0**	**6,3**	**5,7**	**9,7**
EBIT margin (%)	4,5 %	2,7 %	1,2 %	2,1 %
Net finance	-3,1	-4,9	-6,4	-9,8
Adj. Profit before tax	**8,8**	**1,5**	**-0,7**	**-0,1**
Adj. Net profit	**6,6**	**1,1**	**-0,5**	**-0,0**

*Please see adjustment overview in appendix

Cash flow

NIBD/EBITDA OF 2.8 PER 30.06.2016

- Cash flow from financing impacted by MNOK 61 dividend pay-out in Q2-2016. Kid withdrew MNOK 23 from the overdraft facility in Q2-2015, while this facility has a positive balance by the end of Q3-2016.
- CAPEX reduced from last year, which included investments related to the new warehouse
- NIBD/EBITDA of 2.8 (based on adjusted EBITDA for the last twelve months), compared to 3.6 as of 30.06.2015

Cash flow

Amounts in MNOK	Q2 2016	Q2 2015	H1 2016	H1 2015
Net cash flow from operations	4,5	-3,9	-89,6	-92,1
Net cash flow from investments	-8,5	-14,2	-17,4	-24,1
Net cash flow from financing	-64,4	15,4	-68,1	25,7
Net change in cash and cash equivalents	**-68,4**	**-2,8**	**-175,1**	**-90,5**
Cash and cash equivalents at the beginning of the period	121,0	10,6	230,4	99,1
Exchange gains / (losses) on cash and cash equivalents	0,3	0,8	-2,3	-0,0
Cash and cash equivalents at the end of the period	**53,0**	**8,6**	**53,0**	**8,6**

Working capital

Amounts in MNOK	Q2 2016	Q2 2015	H1 2016	H1 2015
Change in inventory	-3,4	3,4	-37,1	-48,1
Change in trade debtors	0,0	0,3	1,4	-1,6
Change in trade creditors	-1,0	-1,6	-2,5	7,3
Change in other provisions	2,1	-4,2	-49,9	-48,5
Change in working capital	**-2,4**	**-2,1**	**-88,1**	**-90,9**

Operational initiatives

Mid-term objectives unchanged

- Focus on core business –back to school and autumn campaigns launched in Q3
- Growth potential in the third quarter compared to last year, which performed below expectation
- Solid pipeline for three new store openings during the second half of 2016 (Knarvik, Drøbak and Bekkestua). The lease agreement for the store at Slependen has been terminated by Kid according to plan

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Q&A

APPENDIX

Adjustments overview

Adjustments overview (MNOK)	Q2 2016	Q2 2015	H1 2016	H1 2015	FY 2015
1 Adj: Cost of relocation to new warehouse		3,7		3,7	3,7
2 Adj: Cost related to IPO		0,4		0,4	5,8
3 Other Unrealized losses/gains	-2,2	-2,5	14,3	-7,2	-14,2
EBITDA adjustments	**-2,2**	**1,6**	**14,3**	**-3,2**	**-4,7**
4 Changes in fair value of financial current assets		-3,0		-6,0	-5,5
5 Interest expenses on SWAP		2,0		4,1	7,4
Profit adjustments before tax	**-2,2**	**0,6**	**14,3**	**-5,1**	**-2,9**
6 Adj: Tax effect of adjustments (1-5)	0,5	-0,2	-3,6	1,4	0,8
7 Adj: Deffered tax effect of lower tax rate					-29,2
Net profit (loss) adjustments	**-1,6**	**0,4**	**10,8**	**-3,7**	**-31,3**

Comments

1. Kid relocated to a new warehouse in June 2015 and consider costs related to this as one-off
2. Costs related to the IPO in 2015 is considered one-off
3. Unrealized losses/gains is related to open USDNOK forward contracts at the end of the quarter. Kid does not consider unrealized FX contracts as part of adjusted net income. Realized losses/gains are considered to be a part of COGS.
4. Changes in fair value of financial current assets are related to a SWAP agreement that was terminated in connection with the IPO.
5. Same as #4
6. The tax effect for adjustment 1-5 is calculated using a corporate tax rate of 25% for 2016 and 27% for 2015
7. Change in deferred tax related to the trademark caused by a reduced tax rate from 27% to 25% with effect from 1.1.2016.