

Kid

Interim report Q1 2017



Dear Shareholders

The first quarter is an important period for our strategic and operational preparations for the remainder of the year. However the quarter is also historically our weakest in terms of revenues and, hence, profit. Nonetheless, our main focus remains the same: Continue growth-enhancing initiatives in accordance with our business plan. Key take-aways from the first quarter are:

- On March 24th we announced that Kid had entered into a binding agreement with Hansen & Dysvik AS to acquire five new lease agreements for a total fee of MNOK 9.5. The store locations will complement and strengthen our position significantly in the important Oslo area where we have so far been slightly under-represented. We expect to open the first store in June and the last in September. Going forward, we expect four of these stores to become a part of our top 10 stores.
- We also signed a new lease agreement at Fornebu S (Oslo) which will open in late May 2017. This brings the number of new stores to open in the remainder of the year to five, and we believe there is still potential for more Kid stores across Norway that we are continuously targeting.
- The first quarter had three additional shopping days compared to last year due to the timing of Easter. This explains some of the 10.1% revenue growth in the quarter. In order to provide a better year-over-year comparison we have decided to announce the revenue growth for the first four months in 2017. For this period, the number of ordinary shopping days was reduced by one, and our revenue growth was 7.7% (3.9 % in 2016), which is a promising start for 2017.
- Last year, in order to reduce out-of-stock situations, we decided to increase the inventory level of our base assortment. This initiative has proven successful, as our assortment availability and revenues has increased during the first quarter.
- In Q1, we made a strategic decision to offer only paper bags in our stores going forward. We charge our customers for the increased cost at the point of purchase, and we continue to donate the profit from bags to the Pink Ribbon campaign. Also, the announcement of our actions to reduce plastic pollution was well received by customers. This change is a small, but yet important, part of building our sustainability position.



As we publish this report, we are also launching our interior collections for the summer. Our preparations for the season have been thorough, and we are confident that our customers will find the shopping experience inspirational. We hope that favourable weather during the spring and summer months will contribute to encourage customers to decorate their outdoor environment.

Yours sincerely,

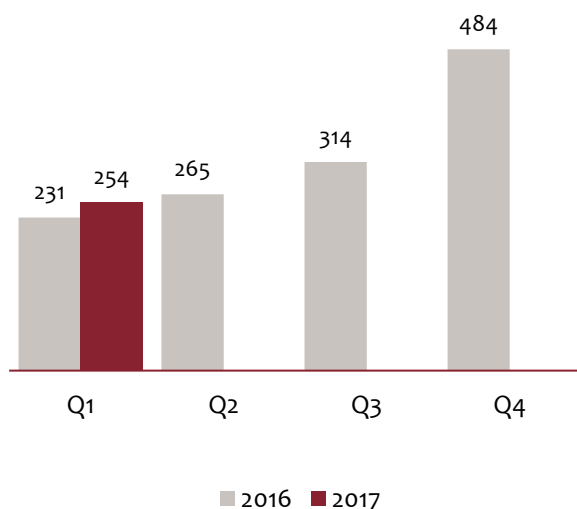
Kjersti Hobøl
CEO

First quarter in brief

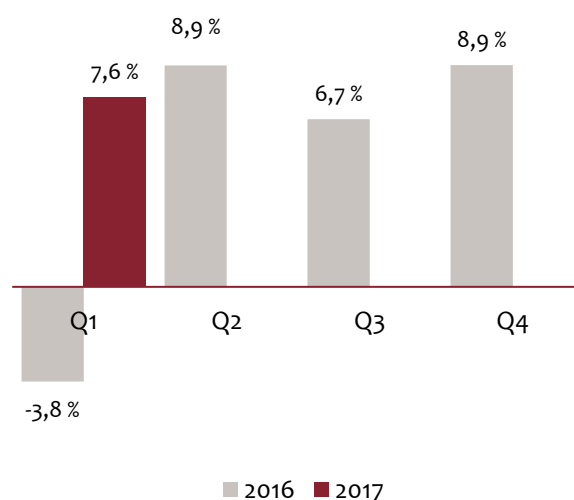
(Figures from corresponding period the previous year in brackets)

- Revenues of MNOK 253.9 (MNOK 230.6) in Q1 2017, an increase of 10.1%. Revenues in Q1 were positively impacted by the timing of the Easter holiday this year. For the period January through April 2017, sales increased by 7.7% (3.9%). The number of ordinary shopping days in the first quarter was 77 (74), and 99 (100) for the first four months of 2017.
- Kid continued to gain market share. The sale of home textiles in Q1 2017 in specialised stores in Norway increased by 6.4%, according to Statistics Norway.
- Like-for-like (LFL) sales increased by +7.6% (-3.8%) in the quarter.
- Online sales increased by 27.7% (32.2%) in the quarter.
- Gross margin of 59.9% (58.3%) in Q1.
- EBITDA of MNOK 7.2 (MNOK 0.1) in Q1. There are no EBITDA adjustments in the period from Q1 2016 to Q1 2017.
- The store at Kvartal 48 (Hamar) closed at the beginning of the quarter, and a new store opened in Bøsenteret (Bø i Telemark) at the end of the quarter. The stores at Lillemarkens (Kristiansand), AMFI Voss (Voss) and Peer Gynt Senteret (Vinstra) were refurbished. The total number of physical stores at the end of the quarter was 134 (130).

Revenues, MNOK



Like-for-like growth



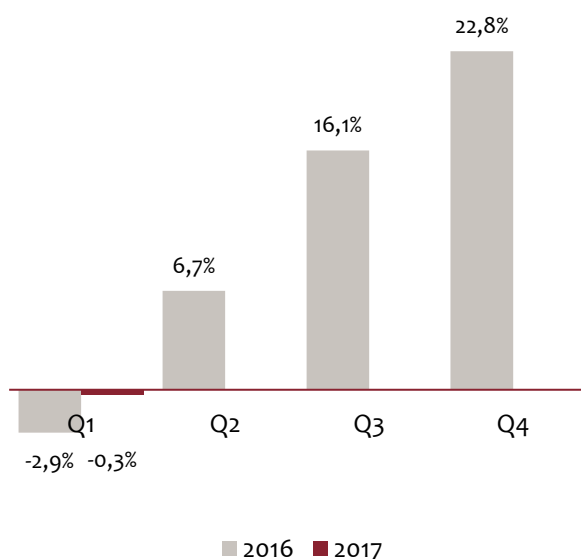
Key figures

Kid ASA has early adopted hedge accounting in accordance with IFRS9 from 1.1.2015. All references to historical financial figures are based on IFRS 9 in this report. A more detailed description is provided in the Annual Report for 2016.

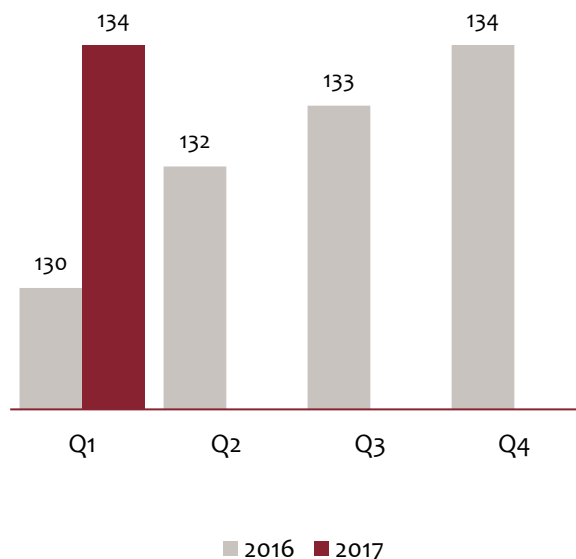
(Amounts in NOK million)	Q1 2017	Q1 2016	Full year 2016
Revenues	253,9	230,6	1293,9
Growth	10,1%	-0,6%	8,9%
LFL growth including online sales	7,6%	-3,8%	5,9%
No. of shopping days in period	77	74	306
No. of physical stores at period end	134	130	134
COGS including realized FX-effects	-101,9	-96,1	-515,3
Gross profit	152,0	134,5	778,6
Gross margin (%)	59,9%	58,3%	60,2%
EBITDA	7,2	0,1	201,1
EBITDA margin (%)	2,9%	0,0%	15,5%
EBIT	-0,8	-6,7	172,1
EBIT margin (%)	-0,3%	-2,9%	13,3%
Adj. Net Income*	-3,0	-7,4	119,5
#shares at period end	40,6	40,6	40,6
Adj. Earnings per share	-0,07	-0,18	2,94
Net interest bearing debt	308,4	404,6	234,7

*Adjusted for change in deferred tax caused by lower tax rate in 2016.

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.

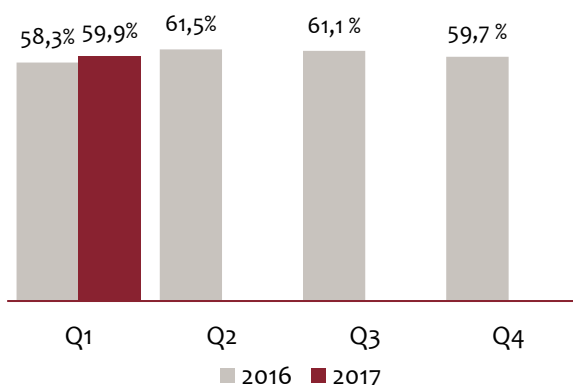
Profit and loss

Revenues in the first quarter of 2017 amounted to MNOK 253.9 (MNOK 230.6), an increase of 10.1% compared to the first quarter of 2016 (-3.8%). Revenues in Q1 were positively impacted by the timing of the Easter holiday this year. For the period January through April 2017, sales increased by 7.7% (3.9%). The number of ordinary shopping days in the first quarter was 77 (74), and 99 (100) for the first four months of 2017.

Online sales grew by 27.7% in the first quarter of 2017 compared to the first quarter of 2016. Last twelve months online revenues were MNOK 33.5 as of March 31 2017 - a growth of 54.6% from the corresponding period last year.

During the first quarter of 2017, the store at Kwartal 48 (Hamar) closed at the beginning of January, and a new store opened in Bø senteret (Bø i Telemark) at the end of March. The stores at Lillemarkens (Kristiansand), AMFI Voss (Voss) and Peer Gynt Senteret (Vinstra) were refurbished. The total number of physical stores at the end of the quarter was 134 (130).

Gross margin (hedge accounting):



Gross margin was 59.9% (58.3%) for the quarter. Kid ASA has applied IFRS9 and hedge accounting retrospectively, with initial application from 1 January 2015. All references to historical financial figures are based on IFRS 9 in this report.

Operating expenses, including employee benefit expenses, were MNOK 145.4 (MNOK 134.4) in the first quarter, up 8.2% from Q1 2016. There are no adjustments made for extraordinary operating expenses in the period from Q1 2016 to Q1 2017.

Employee expenses increased by 7.8% to MNOK 73.3 (MNOK 67.9) in the first quarter. 2.7 percentage points of the increase is due to new stores. The remaining 5.1 percentage points is due to general salary inflation and a higher staffing level driven by increased sales.

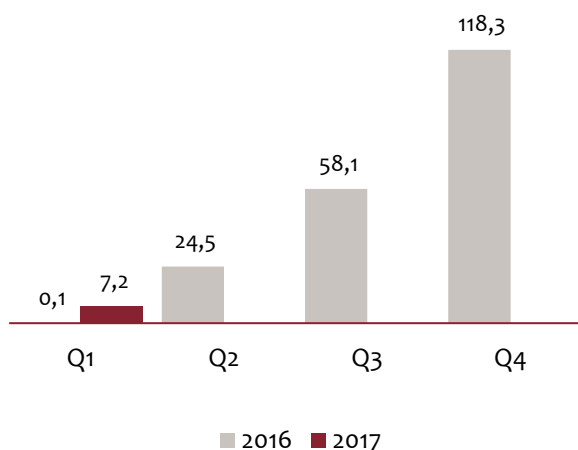
Other operating expenses have increased by 8.5% in the quarter to MNOK 72.1 (MNOK 66.5):

- 1.3 percentage points related to house rental costs for net new stores
- 3.4 percentage points related to other store rental costs driven by inflation
- 1.3 percentage points related to warehouse rental cost driven by inflation and the extension effective from January 2nd 2017
- 2.5 percentage points related to other OPEX

With reference to the announced agreement with Hansen & Dysvik AS, Kid ASA did not pay any fees related to the transaction during the first quarter. Kid ASA will pay a total fee of 9.5 MNOK at the time of stores handover. The fee will be booked as a house rental cost over the duration of the lease agreements for the next 5-7 years starting in Q2.

EBITDA amounted to MNOK 7.2 (MNOK 0.1) in the first quarter. This represents an EBITDA margin of 2.9% (0.0%). The EBITDA increase is due to strong like-for-like growth, increased gross margins and a reduction of OPEX-to-sales by 1.0 percentage points.

EBITDA



EBIT amounted to MNOK -0.1 (MNOK -6.6) in the first quarter. This represents an EBIT margin of -0.3% (-2.9%). EBIT was affected by increased depreciation due to last year's CAPEX levels.

Net financial expenses amounted to MNOK 3.2 (MNOK 3.3) in the first quarter. Interest expenses

on long term debt was 3.0 MNOK in the first quarter of both 2017 and 2016.

Net income amounted to MNOK -3.0 (MNOK -7.4) in the quarter

Events after the end of the reporting period

Due to 3 additional shopping days due to Easter in the first quarter of 2017, Kid ASA has decided to announce the revenues per April 2017 in this quarterly report. In the first four months of 2017 there were one less ordinary shopping day compared to the first four months of 2016, and revenues had a growth of 7.7% (3.9%). Like-for-like increased by 5.3% (-0.2%) and online sales increased by 26.5% (41.2%).

On 11th of May 2017, the ordinary general meeting was held at the company headquarters in Lier. All proposed resolutions were voted in favour of, hereunder a dividend of NOK 2.0 per share for 2016. The board was also given the authority to distribute an additional half-year dividend in November 2017 in accordance with the dividend policy and in light of the third quarter results. Minutes of the annual general meeting and details for the dividend payment is provided at <http://investor.kid.no>.


Lier, 12th May 2017

The board of Kid ASA


Henrik Schüssler
Chairman


Bjørn Rune Gjelsten
Board member


Vilde Falck-Ytter
Board member


Karin Bing Orgland
Board member


Pål Frimann Clausen
Board member

Kid ASA Q1 2017

Financial statements

Interim condensed consolidated statement of profit and loss

(Amounts in NOK thousand)	Note	Q1 2017 Unaudited	Q1 2016 Unaudited	Full year 2016 Audited
Revenue		253 912	230 554	1 188 433
Other operating revenue		575	34	1 294
Total revenue		254 487	230 589	1 189 726
Cost of goods sold		101 863	96 094	492 005
Employee benefits expense		73 254	67 936	271 342
Depreciation and amortisation expenses	9	8 025	6 725	24 447
Other operating expenses		72 131	66 488	282 690
Total operating expenses		255 273	237 244	1 070 484
Operating profit		-786	-6 655	119 243
Other financial income		343	174	471
Other financial expense		3 520	3 458	26 225
Changes in fair value of financial assets		0	0	5 537
Net financial income (+) / expense (-)		-3 177	-3 284	-20 217
Profit before tax		-3 964	-9 939	99 026
Income tax expense		-953	-2 500	-2 308
Net profit (loss) for the period		-3 011	-7 439	101 333
Interim condensed consolidated statement of comprehensive income				
Profit for the period		-3 011	-7 439	101 333
Other comprehensive income		769	-8 283	21 602
Tax on comprehensive income		185	-2 071	5 418
Total comprehensive income for the period		-2 427	-13 651	117 518
Attributable to equity holders of the parent		-2 427	-13 651	117 518
Basic and diluted Earnings per share (EPS):		-0,07	-0,18	3,30

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)	Note	31.03.2017 Unaudited	31.03.2016 Unaudited	31.12.2016 Audited
Assets				
Trademark	9	1 462 679	1 459 585	1 463 023
Total intangible assets		1 462 679	1 459 585	1 463 023
Fixtures and fittings, tools, office machinery and equipment	9	87 227	88 198	88 496
Total tangible assets		87 227	88 198	88 496
Total fixed assets		1 549 906	1 547 783	1 551 520
Inventories		252 726	233 917	222 190
Trade receivables		1 883	1 564	2 527
Other receivables	6	25 616	23 591	26 431
Derivatives	6	7 386	0	8 372
Total receivables		34 885	25 155	37 330
Cash and bank deposits		218 052	121 023	291 852
Total currents assets		505 662	380 095	551 372
Total assets		2 055 568	1 927 878	2 102 891

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)	Note	31.03.2017 Unaudited	31.03.2016 Unaudited	31.12.2016 Audited
Equity and liabilities				
Share capital		48 774	48 774	48 774
Share premium		321 049	321 049	321 049
Other paid-in-equity		64 617	64 617	64 617
Total paid-in-equity		434 440	434 440	434 440
Other reserves - OCI		0	0	0
Other equity		564 171	480 232	567 852
Total equity		998 611	914 672	1 002 292
Pensions liabilities		0	0	0
Deferred tax		349 185	360 967	350 293
Total provisions		349 185	360 967	350 293
Liabilities to financial institutions		526 463	525 581	526 544
Derivatives		0	0	0
Total long-term liabilities		526 463	525 581	526 544
Trade payables		36 221	36 719	40 626
Tax payable		30 784	10 210	40 849
Derivative financial instruments	6	0	2 340	0
Public duties payable		59 791	27 759	80 729
Other short-term liabilities		54 512	49 628	61 558
Total short-term liabilities		181 309	126 656	223 762
Total liabilities		1 056 957	1 013 204	1 100 600
Total equity and liabilities		2 055 568	1 927 876	2 102 891

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 Unaudited	Other equity Unaudited	Total equity Unaudited
Balance at 1 January 2016	434 440	503 972	938 412
Profit for the period YTD 2016	0	-13 651	-13 651
Cash flow hedges	0	-10 088	-10 088
Group contribution to/from parent company	0	0	0
Balance as at 31 March 2016	434 440	480 232	914 672
Balance at 1 January 2017	434 440	567 852	1 002 292
Profit for the period YTD 2017	0	-2 427	-2 427
Cash flow hedges	0	-1 254	-1 254
Group contribution to/from parent company	0	0	0
Balance as at 31 March 2017	434 440	564 171	998 611

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 2017 Unaudited	Q1 2016 Unaudited	2016 Audited
Cash flow from operations				
Profit before income taxes		-3 964	-9 939	159 440
Taxes paid in the period		-10 064	-11 585	-21 739
Gain/loss from sale of fixed assets		0	0	0
Depreciation & impairment	9	8 025	6 725	28 953
Change in financial derivatives		0	0	0
Differences in expensed pensions and payments in/out of the pension scheme		0	0	0
Effect of exchange fluctuations		0	0	0
Items classified as investments or financing		3 177	3 284	12 670
Change in working capital				
Change in inventory		-30 536	-29 602	-17 875
Change in trade debtors		645	1 432	469
Change in trade creditors		-4 404	83	3 990
Change in other provisions*		-26 894	-54 573	6 091
Net cash flow from operations		-64 015	-94 175	171 999
Cash flow from investments				
Net proceeds from investment activities		0	0	0
Purchase of fixed assets	9	-6 416	-8 842	-34 803
Net cash flow from investments		-6 416	-8 842	-34 803
Cash flow from financing				
Change in debt		-82	-180	783
Net interest		-3 270	-3 537	-12 705
Dividend payment		0	0	-60 968
Net proceeds from shares issued		0	0	0
Net cash flow from financing		-3 352	-3 717	-72 889
Cash and cash equivalents at the beginning of the period		291 852	230 373	230 373
Net change in cash and cash equivalents		-73 782	-106 733	64 307
Exchange gains / (losses) on cash and cash equivalents		-18	-2 617	-2 829
Cash and cash equivalents at the end of the period		218 052	121 023	291 852

*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 (former known as Nordisk Tekstil Holding 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 and twelve months ended 31 March 2017 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 2016, which have been prepared in accordance 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 2016.

Amendments to IFRSs effective for the financial year ending 31 December 2017 are not expected to have a material impact on the group.

Note 4 Accounting policies

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 2016.

Note 5 Segment information

The Group sells home textiles in 134 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 2016.

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 2017 and 31 March 2016.

(Amounts in NOK thousand)	31 March 2017		31 March 2016	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Loans and receivables				
Trade and other receivables excluding pre-payments	3 372	3 372	1 589	1 589
Cash and cash equivalents	218 052	218 052	121 023	121 023
Total	221 424	221 424	234 979	234 979
Financial liabilities				
Borrowings (excluding finance lease liabilities)	525 000	525 000	525 000	525 000
Finance lease liabilities	1 463	1 463	581	581
Trade and other payables excluding non-financial liabilities	83 101	83 101	59 775	59 775
Total	609 564	609 564	569 204	569 204

Kid

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Financial instruments measured at fair value through profit and loss				
Derivatives - asset				
Foreign exchange forward contracts	7 386	7 386	0	0
Total	7 386	7 386	0	0
Derivatives – liabilities				
Interes rate swaps	0	0	0	0
Foreign exchange forward contracts	0	0	0	0
Total	0	0	0	0

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. These forward foreign exchange contracts have been fair valued using forward exchange rates that are quoted in an active market. The effects of discounting are generally insignificant for Level 2 derivatives.

Note 7 Earnings per share

	Q1 2017	Q1 2016	Full year 2016
Weighted number of ordinary shares	40 645 162	40 645 162	40 645 162
Net profit or loss for the year	-3 011	-7 439	134 027
Earnings per share (basic and diluted) (Expressed in NOK per share)	-0,07	-0,18	3,30

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 2017 and 2016:

Lease agreements:	Q1 2017	Q1 2016
Gilhus Invest AS (Headquarter rental)	4 055	3 263
Vålgsgaten Handel AS with subsidiaries (Store rental)	333	305
Mortensrud Næring AS	216	
Bekkestua Eiendomsutvikling AS	386	
Total	4 990	3 568

Note 9 Fixed assets and intangible assets

(amounts in NOK million)	PPE	Trademark
Balance 01.01.2017	89	1463
Additions	6	0
Disposals and write downs	0	0
Depreciation and amortisation	-8	0
Balance 31.03.2017	87	1463

(amounts in NOK million)	PPE	Trademark
Balance 01.01.2016	86	1460
Additions	9	0
Disposals and write downs	0	0
Depreciation and amortisation	-7	0
Balance 31.03.2016	88	1460

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, as well as online sales, are included in the definition.
- **Gross profit** is revenue less cost of goods sold (COGS)
- **EBITDA** (earnings before interest, tax, depreciation and amortisation) is operating profit excluding depreciation and amortization
- **Adjusted EBITDA** is EBITDA adjusted for non-recurring items.
- **EBIT** (earnings before interest, tax) is operating profit
- **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.