

# Kid ASA

Interim report Q3 2019





# Dear Shareholders

During the third quarter Kid delivered positive growth, building on the strong performance from the previous quarter. We are happy to report positive like-for-like growth in Kid Interior on top of tough comparable sales figures from Q3 last year. Furthermore, Hemtex delivered a solid Q3 with positive like-for-like growth for the first time since Q1 2017, which indicates that our operational initiatives provide the expected revenue effects. These are the key takeaways from the quarter:

- Operational initiatives related to the Hemtex integration progress according to plan. We see positive momentum in increased marketing communication, a new campaign strategy, piloting of a common store concept and increased in-store inventory levels. During the quarter we announced that we will establish a common assortment in Kid and Hemtex, based on best practices from both concepts. Our goal is to drive growth through a combined and stronger assortment mix, while realising synergies on procurement. All sourcing responsibility will be centralized in Kid Norway, and the common assortment will be gradually introduced from July 2020.
- Hemtex 24H is a B2B solution where Hemtex design and source interior goods for wholesale retailers. The Hemtex 24H assortment has been successfully re-launched in eighty-five ICA Maxi stores in Sweden during the third quarter. We see Hemtex 24H as a growth potential for our B2B segment going forward.
- Kid Interior's investment in strengthening the assortment department during 2018 has yielded significant growth, highlighting the importance of continuous development of concepts and assortment. This quarter, Kid Interior launched a cabin collection for selected stores and online, and Hemtex successfully launched a new baby collection under the brand "Little Roomies".
- Kid has signed a contract to establish an Autostore for 30,000 boxes at the Lier warehouse. The total investment will be MNOK 26 and delivery will take place in H1 2020. The automated warehouse solution will increase logistics capacity and reduce logistics costs for both online and physical stores in Norway.
- We ramped up our digital focus by establishing a new senior Digital Manager position, which will be responsible for our online store and digital marketing, strengthening our Omni channel strategy going forward.
- Kid Interior was awarded "Best Retail Concept in Norway for 2019" by Nordic Council of Shopping Centres, and was again ranked as the most profitable retailer (EBIT margin) in Norway by Virke, the Enterprise Federation of Norway.
- To adapt to changing consumer preferences, Kid launched 'Click and Collect' in early September to offer customers in-store pick up within two hours for online purchases. The results so far have been positive and means that we are now moving some of our online sales growth to physical stores.



We are now entering the most important sales period of the year, and again we are well prepared. The Christmas assortment for Kid was presented to store managers, media and selected influencers in September and the feedback was positive. Furthermore, Kid has signed a lease contract for a new store in Bogstadveien (Oslo) which will open in Q4.

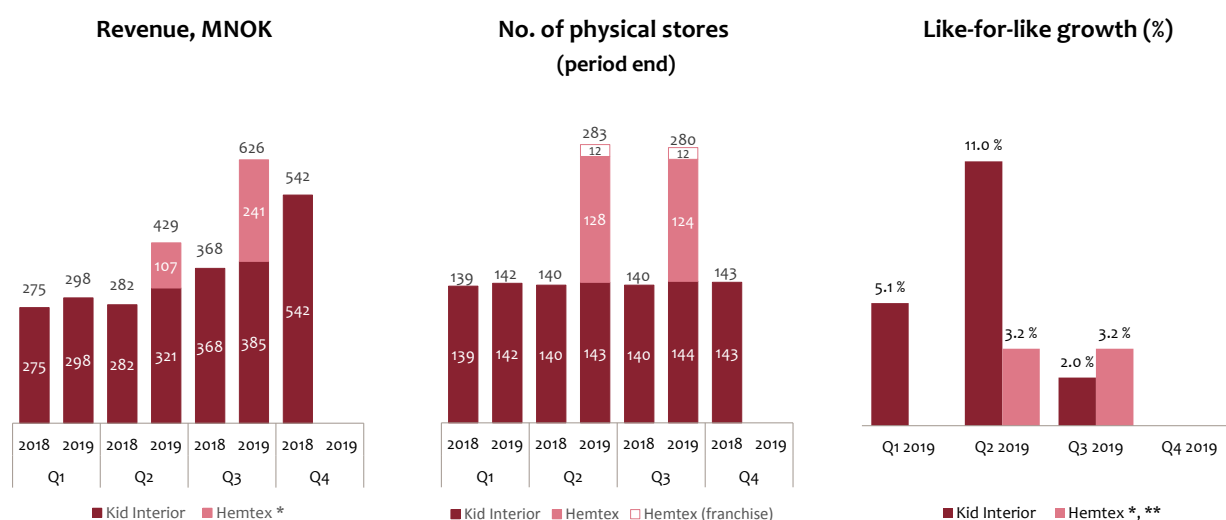
Yours sincerely,

Anders Fjeld  
CEO

# Third quarter in brief

Figures from the corresponding period - previous year in brackets. Following the acquisition of Hemtex AB, the Kid Group introduces a new segment structure with two operating segments. The Kid Interior segment ("Kid Interior") relates to the operations in Norway and the Hemtex segment ("Hemtex") relates to the operations in Sweden, Finland and Estonia.

- Revenues of MNOK 625.9 (MNOK 368.1) in Q3 2019, an increase of 70.0% (7.1%) compared to Q3 2018. For the first three quarters of 2019, revenues amounted to MNOK 1352.7\* (MNOK 924.5), up 46.3% (5.5%) from Q3 2018. Hemtex AB contributed with an increase of MNOK 241.0 in revenue for the quarter.
- Gross margin was 59.5% (63.1%) in Q3 and 60.7% (61.2%) for the first three quarters.
- Adjusted EBITDA in Q3 was MNOK 144.0 and MNOK 75.3 (MNOK 78.9) exclusive of IFRS 16 effects. For the first three quarters, adjusted EBITDA was MNOK 281.9 and MNOK 125.1 (MNOK 108.9) exclusive of IFRS 16 effects. Hemtex AB contributed MNOK 10.1 in Q3 exclusive of IFRS 16 effects. EBITDA is adjusted for transaction and integrations cost of MNOK 3.1 in Q3 and MNOK 12.5 for the three first quarters of 2019.
- Adjusted EPS exclusive of IFRS 16 effects increased to NOK 3.92 (3.45) for the last twelve months.
- For Kid Interior, revenues were MNOK 384.9 (MNOK 368.1) in the third quarter, representing a revenue growth of 4.6% and like-for-like growth of 2.0%. Gross margin was 60.9% (63.1%) and EBITDA exclusive of IFRS 16 effects was MNOK 69.6 (MNOK 78.9). Kid interior increased market share to 36.3% (34.2%), for the twelve months ending 30.06.2019
- For Hemtex, revenues were MNOK 241.0 in the third quarter, representing a revenue growth of 11.1%\*\* and like-for-like growth of 3.2%. Gross margin was 59.3% and EBITDA exclusive of IFRS 16 effects was MNOK 10.1.



\* Hemtex AB figures are included in the group accounts from 15 May 2019

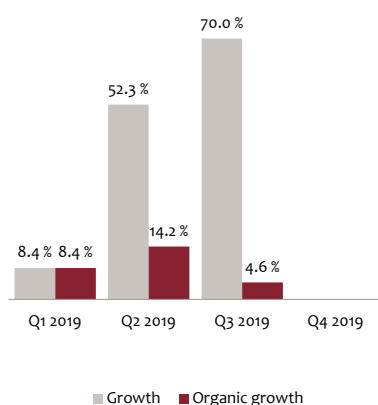
\*\* Calculated in constant currency. See definition page 27. Q2 2019 is for the period 15 May until quarter end.

# Key figures for Kid Group

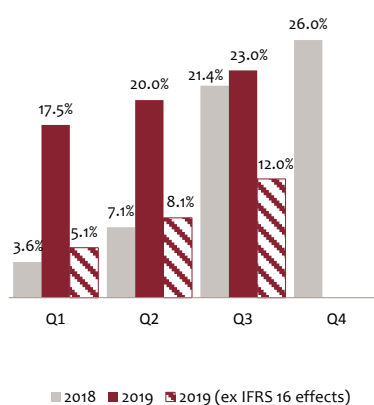
The group implemented IFRS 16 from 1 January 2019 by applying the modified retrospective approach.

(Amounts in NOK million)	Q3 2019 IFRS 16	Q3 2019 Excl. IFRS 16	Q3 2018 IAS 17	*Q1-Q3 2019 IFRS 16	*Q1-Q3 2019 Excl. IFRS 16	Q1-Q3 2018 IAS 17	FY 2018 IAS 17
<b>Revenue</b>	<b>625.9</b>	<b>625.9</b>	<b>368.1</b>	<b>1,352.7</b>	<b>1,352.7</b>	<b>924.5</b>	<b>1,466.7</b>
Revenue growth	70.0 %	70.0 %	7.1 %	46.3 %	46.3 %	5.5 %	6.2 %
LFL growth including online sales (KID Interior)	2.0 %	2.0 %	5.6 %	5.6 %	5.6 %	2.2 %	3.1 %
LFL growth including online sales (Hemtex) **	3.2 %	3.2 %	-	3.3 %	3.3 %	-	-
No. of physical stores, period end (excl. franchise)	268	268	140	268	268	140	143
<b>COGS</b>	<b>-253.2</b>	<b>-253.2</b>	<b>-135.8</b>	<b>-531.2</b>	<b>-531.2</b>	<b>-358.7</b>	<b>-573.2</b>
<b>Gross profit</b>	<b>372.7</b>	<b>372.7</b>	<b>232.3</b>	<b>821.6</b>	<b>821.6</b>	<b>565.9</b>	<b>893.5</b>
Gross margin (%)	59.5%	59.5%	63.1%	60.7%	60.7%	61.2%	60.9%
<b>Adj. EBITDA ***</b>	<b>144.0</b>	<b>75.3</b>	<b>78.9</b>	<b>281.9</b>	<b>125.1</b>	<b>108.9</b>	<b>250.2</b>
Adj. EBITDA margin (%)	23.0%	12.0%	21.4%	20.8%	9.2%	11.8%	17.1%
<b>EBITDA</b>	<b>140.9</b>	<b>72.2</b>	<b>78.9</b>	<b>269.4</b>	<b>112.6</b>	<b>108.9</b>	<b>250.2</b>
EBITDA margin (%)	22.5%	11.5%	21.4%	19.9%	8.3%	11.8%	17.1%
<b>Adj. EBIT ***</b>	<b>63.9</b>	<b>61.2</b>	<b>69.6</b>	<b>97.5</b>	<b>89.2</b>	<b>81.1</b>	<b>213.1</b>
Adj. EBIT margin (%)	10.2%	9.8%	18.9%	7.2%	6.6%	8.8%	14.5%
<b>EBIT</b>	<b>60.8</b>	<b>58.1</b>	<b>69.6</b>	<b>85.0</b>	<b>76.7</b>	<b>81.1</b>	<b>213.1</b>
EBIT margin (%)	9.7%	9.3%	18.9%	6.3%	5.7%	8.8%	14.5%
<b>Adj. Net income ****</b>	<b>38.7</b>	<b>42.6</b>	<b>51.1</b>	<b>48.8</b>	<b>59.6</b>	<b>54.5</b>	<b>154.1</b>
Adj. Earnings per share	0.95	1.05	1.26	1.20	1.47	1.34	3.79
<b>Net income</b>	<b>36.2</b>	<b>40.1</b>	<b>51.1</b>	<b>37.6</b>	<b>48.4</b>	<b>54.5</b>	<b>168.7</b>
Earnings per share	0.89	0.99	1.26	0.92	1.19	1.34	4.15
#shares at period end	40.6	40.6	40.6	40.6	40.6	40.6	40.6
<b>Net interest bearing debt</b>	<b>1,429.3</b>	<b>632.2</b>	<b>378.5</b>	<b>1,429.3</b>	<b>632.2</b>	<b>378.5</b>	<b>185.7</b>

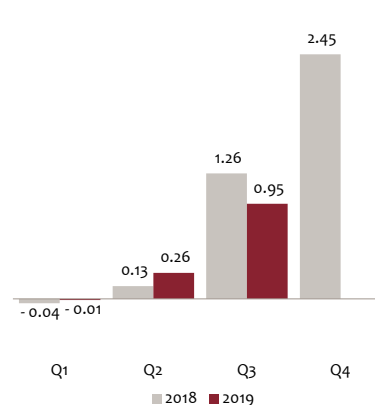
Revenue growth (%) \*



Adj. EBITDA margin (%) \*, \*\*\*



Adj. EPS, (NOK) \*, \*\*\*\*



\* Hemtex AB figures are included in the group accounts from 15 May 2019

\*\* Calculated in constant currency. See definition page 28. Q1-Q3 2019 is for the period 15 May until the end of Q3.

\*\*\* Adjusted for transaction costs and integration costs in Q3 2019 and YTD 2019. See page 6 for details on adjustments

\*\*\*\* Adjusted for transaction costs, integration costs and tax in Q3 2019 and YTD 2019. Adjusted for change in deferred tax caused by lower tax rate in 2018. See page 6 for details on adjustments

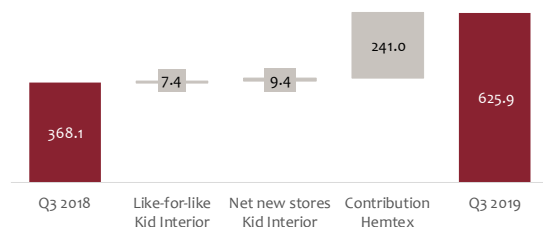
# Financial review for Kid Group

The figures reported in the Q3 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 the corresponding period the previous year are in brackets, unless otherwise specified. Figures for Hemtex are included in the group accounts from 15 May 2019.

## Profit and loss

**Revenue** in the third quarter amounted to MNOK 625.9 (MNOK 368.1) in Q3 2019, an increase of 70.0% (7.1%) compared to the third quarter of 2018. For the first three quarters of 2019, revenue amounted to MNOK 1352.7 (MNOK 924.5). The acquisition of Hemtex AB contributed with MNOK 241.0, or 65.5 percentage points, to the revenue growth for the third quarter. The remaining MNOK 16.8, or 4.6 percentage points, of the revenue growth for the quarter can be attributed to MNOK 7.4 in like-for-like growth and MNOK 9.4 from net new stores within Kid Interior.

### Q3 2019 vs Q3 2018 revenue bridge, MNOK

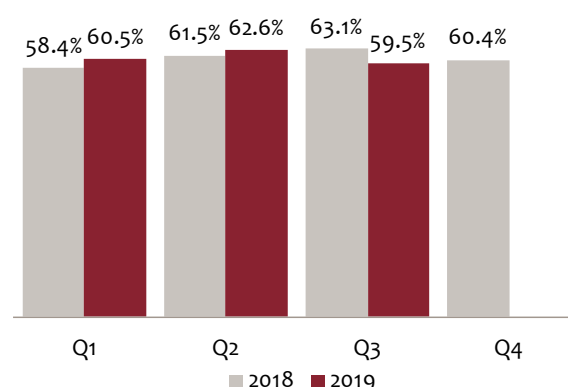


**Gross margin** was 59.5% (63.1%) for the third quarter, and 60.7% (61.2%) for the first three quarters.

On May 15 2019, Hemtex had unrealized currency gains related to FX derivatives for the remainder of 2019. These contracts were terminated at the time of acquisition, and cash proceeds of MSEK 18.3 hence reduced the debt in Hemtex AB. New FX derivative contracts were undertaken immediately after the transaction at market prices, albeit at higher currency rates. In accordance with IFRS, the new FX hedging contracts are reflected in the Kid ASA group figures and hence increase the COGS for goods procured after the transaction. However, the terms of old FX contracts are maintained in the segment figures for Hemtex. Due

to this difference, gross margin at group level is lower than the gross margin segment figures for Kid Interior and Hemtex.

### Gross margin:



**Operating expenses** including employee benefit expenses, were MNOK 232.9 in the third quarter. Operating expenses, excluding IFRS 16 effects, were MNOK 301.6 (MNOK 153.4), up 97.0% from Q3 2018.

The acquisition of Hemtex AB contributed with MNOK 133.8 to the increase in operating expenses exclusive of IFRS 16 effects for the third quarter. Transaction and integration cost related to the acquisition of Hemtex AB amounted to MNOK 3.1 in the third quarter. There were no adjustments for extraordinary operating costs in 2018.

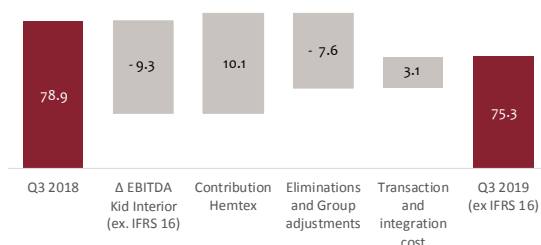
For the first three quarters of 2019, operating expenses including employee benefit expenses amounted to MNOK 554.2. Exclusive of IFRS 16 effects, the operating expenses for the three first quarters of 2019 were MNOK 711.0 (MNOK 457.0).

Transactions and integration cost related to the acquisition of Hemtex AB amounted to MNOK 12.5 for the first three quarters of 2019. Transaction costs of MNOK 9.7 are considered one-offs. There

were no adjustments for extraordinary operating costs in 2018.

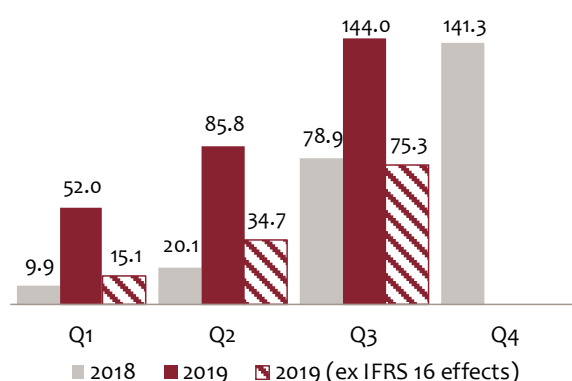
**Adjusted EBITDA** amounted to MNOK 144.0 in the third quarter. EBITDA is adjusted for MNOK 3.1 in transactions and integration costs. Excluding IFRS 16 effects, adjusted EBITDA was MNOK 75.3 (MNOK 78.9). This represents an adjusted EBITDA margin of 12.0% (21.4%). The adjusted EBITDA margin in the third quarter was negatively impacted by transactions and integration cost related to the acquisition of Hemtex AB.

#### Q3 2018 vs Q3 2019 adjusted EBITDA bridge, MNOK



For the first three quarters of 2019, adjusted EBITDA was MNOK 281.9. Exclusive of IFRS 16 effects adjusted EBITDA was MNOK 125.1 (MNOK 108.9), driven by strong organic growth and the inclusion of Hemtex AB from 15 May 2019.

#### Adjusted EBITDA, MNOK



**EBIT** amounted to MNOK 60.8 in the third quarter. The EBIT for the third quarter was positively affected by the inclusion of Hemtex AB. Excluding IFRS 16 effects, EBIT was MNOK 58.1 (MNOK 69.6).

This represents an EBIT margin of 9.3% (18.9%) exclusive of IFRS 16 effects.

EBIT for the first three quarters amounted to MNOK 85.0. Exclusive of IFRS 16 effects, EBIT was MNOK 76.7 (MNOK 81.1). This represents an EBIT margin of 5.7% (8.8%).

**Adjusted EBIT** for Q3 2019 was MNOK 63.9. Exclusive of IFRS effects, adjusted EBIT was MNOK 61.2 (MNOK 69.6). EBIT is adjusted for MNOK 3.1 in integration costs. Adjusted EBIT for the first three quarters amounted to MNOK 97.5. Exclusive of IFRS 16 effects, EBIT was MNOK 89.2 (MNOK 81.1), representing a margin 6.6% (8.8%)

**Net financial expenses** amounted to MNOK 12.1 in the third quarter. Exclusive of IFRS 16 Effects, net financial expense was MNOK 4.4 (MNOK 3.1). For the first three quarters of 2019, net financial expenses were MNOK 32.6. Exclusive of IFRS 16 effects, net financial expenses amounted to MNOK 10.4 (MNOK 10.1) for the first three quarters of 2019.

**Net income** amounted to MNOK 36.2 in the third quarter and MNOK 40.1 (MNOK 51.1) exclusive of IFRS 16 effects. Net income for the first three quarters was MNOK 37.6 and MNOK 48.4 (MNOK 54.5) exclusive of IFRS 16 effects.

**Adjusted net income** amounted to MNOK 38.7 in the third quarter and MNOK 42.6 (MNOK 51.1) exclusive of IFRS 16 effects. Adjusted net income for the first three quarters was MNOK 48.8 and MNOK 59.6 (MNOK 54.5) exclusive IFRS 16 effects.

**For Adjusted EBITDA, Adjusted EBIT and Adjusted Net income**, a complete overview of adjustments is provided in the following table:

Adjustments overview (MNOK)	Q3 2019	Q3 2018	Q1-Q3 2019	Q1-Q3 2018	FY 2018
Transaction cost related to Hemtex acquisition*	0.9		8.8		
Integration cost related to Hemtex acquisition	2.3		3.7		
<b>EBITDA and EBIT adjustments</b>	<b>3.1</b>		<b>12.5</b>		
<b>Profit adjustments before tax</b>	<b>3.1</b>		<b>12.5</b>		
Tax effects on adjustments (22%)	-0.6		-1.2		
Adj. for change in deferred tax caused by lower tax rate in 2018					-14.6
<b>Net income adjustments</b>	<b>2.5</b>		<b>11.3</b>		<b>-14.6</b>

\* MNOK 6.7 of total MNOK 8.8 in transaction cost are not tax deductible

# Segments: Key figures

The group implemented IFRS 16 from 1 January 2019 by applying the modified retrospective approach. Hemtex AB figures are included in the group accounts from 15 May 2019 and correspondingly in the segmental reporting.

## KID Interior

(Amounts in NOK millions)	Q3 2019	Q3 2019 excl. IFRS 16	Q3 2018	Q1-Q3 2019	Q1-Q3 2019 excl. IFRS 16	Q1-Q3 2018	FY 2018
<b>Revenue</b>	<b>384.9</b>	<b>384.9</b>	<b>368.1</b>	<b>1,004.3</b>	<b>1,004.3</b>	<b>924.5</b>	<b>1,466.7</b>
Revenue growth	4.6 %	4.6 %	7.1 %	8.6 %	8.6 %	5.5 %	6.2 %
LFL growth including online sales	2.0 %	2.0 %	5.6 %	5.6 %	5.6 %	2.2 %	3.1 %
COGS	-150.6	-150.6	-135.8	-389.2	-389.2	-358.7	-573.2
<b>Gross profit</b>	<b>234.3</b>	<b>234.3</b>	<b>232.3</b>	<b>615.2</b>	<b>615.2</b>	<b>565.9</b>	<b>893.5</b>
Gross margin (%)	60.9 %	60.9 %	63.1 %	61.3 %	61.3 %	61.2 %	60.9 %
Other operating revenue	0.0	0.0	0.0	0.2	0.2	0.1	0.3
Employee benefits expense	-80.9	-80.9	-72.3	-242.9	-242.9	-218.6	-310.9
Other operating expense	-46.5	-83.8	-81.1	-144.2	-255.3	-238.3	-332.7
<b>EBITDA</b>	<b>106.9</b>	<b>69.6</b>	<b>78.9</b>	<b>228.3</b>	<b>117.2</b>	<b>108.9</b>	<b>250.2</b>
EBITDA margin (%)	27.8 %	18.1 %	21.4 %	22.7 %	11.7 %	11.8 %	17.1 %
<b>EBIT</b>	<b>64.2</b>	<b>60.2</b>	<b>69.6</b>	<b>100.3</b>	<b>88.5</b>	<b>81.1</b>	<b>213.1</b>
EBIT margin (%)	16.7 %	15.6 %	18.9 %	10.0 %	8.8 %	8.8 %	14.5 %
No. of shopping days	79	79	78	226	226	226	303
No. of physical stores at period end	144	144	140	144	144	140	143

## Hemtex

(Amounts in NOK millions)	Q3 2019	Q3 2019 excl. IFRS 16	Q3 2018	*Q1-Q3 2019	*Q1-Q3 2019 excl. IFRS 16	Q1-Q3 2018	FY 2018
<b>Revenue</b>	<b>241.0</b>	<b>241.0</b>	-	<b>348.4</b>	<b>348.4</b>	-	-
Revenue growth **	11.1 %	11.1 %	-	6.7 %	6.7 %	-	-
LFL growth including online sales **	3.2 %	3.2 %	-	3.3 %	3.3 %	-	-
COGS	-98.1	-98.1	-	-136.6	-136.6	-	-
<b>Gross profit</b>	<b>142.9</b>	<b>142.9</b>	-	<b>211.8</b>	<b>211.8</b>	-	-
Gross margin (%)	59.3 %	59.3 %	-	60.8 %	60.8 %	-	-
Other operating revenue	1.0	1.0	-	1.8	1.8	-	-
Employee benefits expense	-57.5	-57.5	-	-87.0	-87.0	-	-
Other operating expense	-44.8	-76.3	-	-67.7	-113.4	-	-
<b>EBITDA</b>	<b>41.5</b>	<b>10.1</b>	-	<b>58.9</b>	<b>13.3</b>	-	-
EBITDA margin (%)	17.2 %	4.2 %	-	16.8 %	3.8 %	-	-
<b>EBIT</b>	<b>4.2</b>	<b>5.5</b>	-	<b>2.7</b>	<b>6.1</b>	-	-
EBIT margin (%)	1.7 %	2.3 %	-	0.8 %	1.7 %	-	-
No. of shopping days	92	92	-	92	92	-	-
No. of physical stores at period end (excl. franchise)	124	124	-	124	124	-	-

\* Hemtex AB figures are included in the group accounts from 15 May 2019

\*\* Calculated in constant currency. See definition page 27. Q1-Q3 2019 is for the period 15 May until the end of Q3.

## Segment: Kid Interior

**Revenue** in the third quarter of 2019 amounted to MNOK 384.9 (MNOK 368.1), an increase of 4.6% (7.1%) compared to the third quarter of 2018. The number of ordinary shopping days in the second quarter was 79, compared to 78 days last year. For the first three quarters of 2019, revenue increased by 8.6% (5.5%). The number of ordinary shopping days for the first three quarters was 226 (226).

The index for sale of home textiles in Q3 2019 in specialised stores in Norway decreased by -0.7% compared to an increase of +4.6% for Kid, according to Statistics Norway. The latest accurate market statistic based on tax returns data show a market growth of 2.9% for the twelve months ending 30.06.2019. For the same period, Kid increased revenues by 8.8% and the market share to 36.3% (34.3%).

Online sales increased by 14.7% (102.1%) in the third quarter of 2019 driven by well-executed campaigns. Click & collect was launched August 15th and accounted for 38.5% of online orders for the remainder of the quarter. Click & collect is recognized as revenue for physical stores, and thereby reduced online growth. For the last twelve months, online revenues were MNOK 77.2 (MNOK 61.9) as of 30 September 2019, up 25.0% from last year.

During the third quarter of 2019, a new store opened in Xhibition (Bergen), and Kirkeveien (Oslo) was refurbished. The total number of physical stores at the end of the quarter was 144 (140).

**Gross margin** was 60.9% (63.1%) for the third quarter and 61.3% (61.2%) for the three first quarters. The decrease in gross margin was due to increased campaign level and strengthened USDNOK which was partly offset by price increases in the quarter.

**Operating expenses**, including employee benefit expenses, were MNOK 127.4 in the third quarter. Operating expenses, excluding IFRS 16 effects, were MNOK 164.6 (153.4). For the first three quarters of 2019, operating expenses including employee benefit expenses, excluding IFRS 16 effects, amounted to MNOK 498.2 (456.9). Transaction and integration costs are not included in the Kid Interior segment.

Employee expenses increased by 11.9% to MNOK 80.9 (MNOK 72.3) in the third quarter:

- 2.0 percentage points due to net new stores
- 3.6 percentage points due to general salary inflation, increased staffing level in stores and relocation of stores
- 6.0 percentage points due to general salary inflation and increased staffing level at HQ in order to strengthen category, marketing and IT departments
- -0.2 percentage points due to decreased provision for store, HQ and management bonuses
- 0.5 percentage points due to increased numbers of hours worked in our online store.

Other operating expenses, excluding IFRS 16, increased by 3.3% in the quarter to MNOK 83.8 (MNOK 81.1)

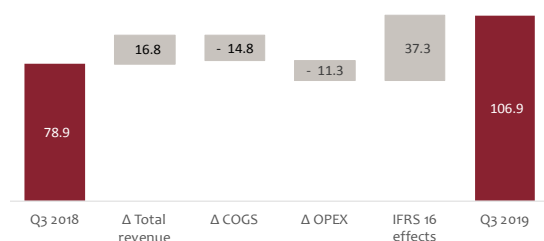
- 1.9 percentage points related to retail space rental costs for net new stores
- 1.0 percentage points related to other stores and HQ rental cost driven by inflation and relocation of stores



- -0.1 percentage points related to decrease in marketing costs
- 0.5 percentage points related to other operating expenses

**EBITDA** amounted to MNOK 106.9 in the third quarter. Excluding IFRS 16 effects, EBITDA was MNOK 69.6 (MNOK 78.9). This represents an EBITDA margin of 18.1% (21.4%).

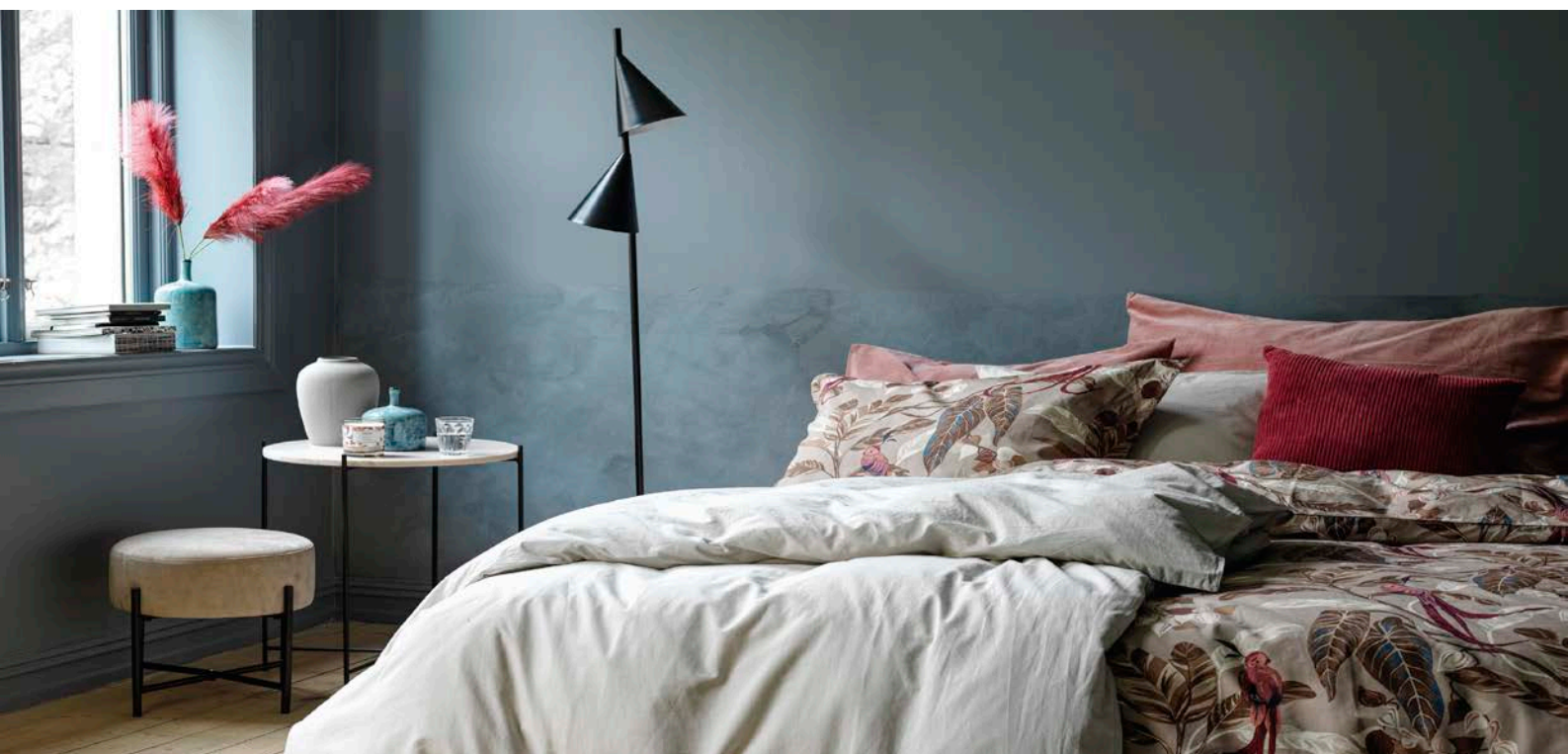
#### Q3 2019 vs Q3 2018 EBITDA bridge, MNOK



EBITDA for the first three quarters of 2019, excluding IFRS 16 effects, was MNOK 117.2 (MNOK 108.9), an increase of 8.0% was driven by revenue growth and increase in gross margin, partly offset by increased OPEX.

**EBIT** amounted to MNOK 64.2. Excluding IFRS 16 effects, EBIT was MNOK 60.2 (MNOK 69.6). This represents an EBIT margin of 15.6% (18.9%). EBIT was affected by increased depreciation due to last year's capex levels.

EBIT for the three first quarters was MNOK 100.3. Excluding IFRS 16 effects, EBIT amounted to MNOK 88.5 (MNOK 81.1), corresponding to an EBIT margin of 8.8% (8.8%).



## Segment: Hemtex

**Revenue** for the third quarter amounted to MNOK 241.0. The number of ordinary shopping days during the period was 92, compared to 92 days last year. Out of Hemtex's 136 stores (including franchise), 108 are open on Sundays. Only on Easter Sunday, Christmas Day, and New Year's Day are all Hemtex stores closed.

In Q3 the collaboration with ICA was broadened, which launched the brand Hemtex 24h in ICA Maxi stores across Sweden. Hemtex 24h has previously only been present in Kesko hypermarkets in Finland, while ICA has been branding interior goods sourced from Hemtex with its own labelling. During the third quarter the sales of Hemtex 24h reached MSEK 24.3

The index for sale of home textiles in specialised stores in Sweden increased by 10,4% in Q3 2019. Hemtex reported sales growth below index in July as a result of lower clearance sale than in 2018.

Online sales amounted to MSEK 16.5 during the third quarter.

During the third quarter the stores in Norrköping and Alingsås (Sweden) were relocated and the store in Kampii (Finland) were refurbished. Four stores were closed during the third quarter: Kungälv, Hässleholm, Helsingborg and Uddevalla, all in Sweden. The number of own physical stores at the end of the quarter was 124 (134), and the number of franchise stores was 12 (13). The total number of physical stores at the end of the quarter was 136 (148).

**Gross margin** was 59.3% for the third quarter. Hemtex 24h is affecting gross margin negatively, but the total contribution to gross profit and revenue is positive.

**Operating expenses**, including employee benefit expenses, were MNOK 102.3 for the third quarter. Operating expenses including employee benefit expense, excluding IFRS 16 effects, was MNOK 133.8.

Employee expenses for the third quarter amounted to MNOK 57.5. Employee expenses is the single largest cost item and constituted approximately 23.9 % of the revenue. Several initiatives have been implemented to reduce employee expenses, including reduced working hours in stores as well as reduced overhead at headquarter.

Other operating expenses for the third quarter amounted to MNOK 76.3 exclusive of IFRS 16 effects, corresponding to 31.7 % of revenue.

**EBITDA** amounted to MNOK 41.5 for the third quarter. Excluding IFRS 16 effects, EBITDA was MNOK 10.1. This represents an EBITDA margin of 4.2%.

### Events after the end of the reporting period

At the Annual General Meeting in May 2019, the Board of Directors were authorized to approve the distribution of a half-year dividend based on the annual accounts for 2018. The Board of Directors have based the decision on the current dividend policy whereby 60-80% of the annual adjusted results after tax are distributed as a dividend. The Board of Directors have made a resolution to pay a half-year dividend of NOK 1.20 per share in November 2019, representing 31% of adjusted net income for the last twelve months. The board will propose the next dividend payment in the Q4 report based on the fiscal year 2019 results, with payment date in May 2020.



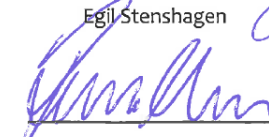
Kid ASA has entered into a 10-year interest rate swap agreement of MNOK 395 at a fixed interest rate of 1.876%.

In October 2019, Hemtex came to an agreement with the third-party logistics provider in Sweden that resolves certain issues between the parties. As a result, Hemtex will relocate its logistics operations before July 2020.

There have been no other significant events after the end of the reporting period.

Lier, 27th November 2019

The board of Kid ASA

  
Petter Schouw-Hansen  
Karin Bing Orgland  
Egil Stenshagen  
Vilde Falck-Ytter  
Rune Marsdal



# **Kid ASA Q3 2019**

## **Financial statements**

# Interim condensed consolidated statement of profit and loss

(Amounts in NOK thousand)	Note	Q3 2019 Unaudited	Q3 2018 Unaudited	*Q1-Q3 2019 Unaudited	Q1-Q3 2018 Unaudited	FY 2018 Audited
Revenue		625,918	368,122	1,352,718	924,532	1,466,729
Other operating revenue		1,085	15	2,009	59	336
<b>Total revenue</b>		<b>627,003</b>	<b>368,137</b>	<b>1,354,727</b>	<b>924,592</b>	<b>1,467,064</b>
Cost of goods sold		-253,191	-135,838	-531,155	-358,680	-573,230
Employee benefits expense		-138,428	-72,280	-329,861	-218,650	-310,898
Depreciation and amortisation expenses	10	-80,107	-9,307	-184,359	-27,867	-37,123
Other operating expenses		-94,471	-81,097	-224,328	-238,333	-332,703
<b>Total operating expenses</b>		<b>-566,196</b>	<b>-298,522</b>	<b>-1,269,703</b>	<b>-843,531</b>	<b>-1,253,954</b>
<b>Operating profit</b>		<b>60,807</b>	<b>69,615</b>	<b>85,024</b>	<b>81,061</b>	<b>213,110</b>
Financial income		2,756	79	4,119	347	1,337
Financial expense	12	-14,859	-3,214	-36,686	-10,445	-14,115
<b>Net financial income (+) / expense (-)</b>		<b>-12,103</b>	<b>-3,135</b>	<b>-32,567</b>	<b>-10,099</b>	<b>-12,778</b>
<b>Profit before tax</b>		<b>48,703</b>	<b>66,481</b>	<b>52,457</b>	<b>70,963</b>	<b>200,332</b>
Income tax expense		-12,497	-15,404	-14,886	-16,443	-31,609
<b>Net profit (loss) for the period</b>		<b>36,207</b>	<b>51,076</b>	<b>37,571</b>	<b>54,520</b>	<b>168,723</b>
<b>Interim condensed consolidated statement of comprehensive income</b>						
Profit for the period		36,207	51,076	37,571	54,520	168,723
Other comprehensive income		18,387	1,114	13,698	4,707	19,427
Tax on comprehensive income		-4,313	-256	-3,223	-1,083	-4,284
<b>Total comprehensive income for the period</b>		<b>50,280</b>	<b>51,934</b>	<b>48,046</b>	<b>58,144</b>	<b>183,866</b>
Attributable to equity holders of the parent		50,280	51,934	48,046	58,144	183,866
<b>Basic and diluted Earnings per share (EPS):</b>		<b>0.89</b>	<b>1.26</b>	<b>0.92</b>	<b>1.34</b>	<b>4.15</b>

\* The group implemented IFRS 16 from 1 January 2019 by applying the modified retrospective approach. Hemtex AB figures are included in the group accounts from 15 May 2019.

# Interim condensed consolidated statement of financial position

(Amounts in NOK thousand)	Note	*30.09.2019	30.09.2018	31.12.2018
Assets		Unaudited	Unaudited	Audited
Goodwill	10	64,085	0	0
Trademark	10	1,509,147	1,462,292	1,462,889
Other intangible assets	10	9,106	7,004	6,532
Deferred tax asset		8,629	0	0
<b>Total intangible assets</b>		<b>1,590,968</b>	<b>1,469,297</b>	<b>1,469,421</b>
Right of use asset	10.12	824,357	0	0
Fixtures and fittings, tools, office machinery and equipment	10	147,674	87,980	91,530
<b>Total tangible assets</b>		<b>972,031</b>	<b>87,980</b>	<b>91,530</b>
<b>Total fixed assets</b>		<b>2,562,999</b>	<b>1,557,277</b>	<b>1,560,951</b>
Inventories		596,603	328,744	253,157
Trade receivables	7	21,364	3,663	2,962
Other receivables	7	22,954	24,605	24,823
Derivatives	7	6,402	2,104	8,949
<b>Total receivables</b>		<b>50,720</b>	<b>30,371</b>	<b>36,733</b>
Cash and bank deposits	11	153,245	99,735	242,152
<b>Total current assets</b>		<b>800,568</b>	<b>458,850</b>	<b>532,042</b>
<b>Total assets</b>		<b>3,363,567</b>	<b>2,016,127</b>	<b>2,092,993</b>

\* The group implemented IFRS 16 from 1 January 2019 by applying the modified retrospective approach. Hemtex AB figures are included in the group accounts from 15 May 2019.



# Interim condensed consolidated statement of financial position

(Amounts in NOK thousand)	Note	*30.09.2019	30.09.2018	31.12.2018
Equity and liabilities		Unaudited	Unaudited	Audited
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
<b>Total paid-in-equity</b>		<b>434,440</b>	<b>434,440</b>	<b>434,440</b>
Other equity		606,550	585,428	656,247
<b>Total equity</b>		<b>1,040,990</b>	<b>1,019,868</b>	<b>1,090,687</b>
Deferred tax		318,020	334,486	321,352
<b>Total provisions</b>		<b>318,020</b>	<b>334,486</b>	<b>321,352</b>
Lease liabilities	10.12	579,894	-	-
Liabilities to financial institutions	7	494,421	428,267	427,873
<b>Total long-term liabilities</b>		<b>1,074,314</b>	<b>428,267</b>	<b>427,873</b>
Lease liabilities	10.12	217,226	-	-
Liabilities to financial institutions	7	291,052	50,000	-
Trade payable	7	170,762	41,976	37,666
Tax payable		25,656	17,643	46,216
Public duties payable	7	100,139	81,996	111,812
Other short-term liabilities	7	125,408	41,890	57,388
<b>Total short-term liabilities</b>		<b>930,243</b>	<b>233,505</b>	<b>253,081</b>
<b>Total liabilities</b>		<b>2,322,577</b>	<b>996,259</b>	<b>1,002,306</b>
<b>Total equity and liabilities</b>		<b>3,363,567</b>	<b>2,016,127</b>	<b>2,092,993</b>

\* The group implemented IFRS 16 from 1 January 2019 by applying the modified retrospective approach. Hemtex AB figures are included in the group accounts from 15 May 2019.

## Interim condensed consolidated statement of changes in equity

(Amounts in NOK thousand)	Total paid-in equity Unaudited	Other equity Unaudited	Total equity Unaudited
<b>Balance at 1 Jan 2018</b>	<b>434,440</b>	<b>584,077</b>	<b>1,018,516</b>
Profit for the period YTD 2018	0	54,520	54,520
Other comprehensive income	0	-330	-330
Dividend	0	-52,839	-52,839
<b>Balance at 30 Sep 2018</b>	<b>434,440</b>	<b>585,428</b>	<b>1,019,868</b>
<b>Balance at 1 Jan 2019*</b>	<b>434,440</b>	<b>656,247</b>	<b>1,090,687</b>
Profit for the period YTD 2019	0	37,571	37,571
Other comprehensive income	0	-5,607	-5,607
Dividend	0	-81,661	-81,661
<b>Balance at 30 Sep 2019*</b>	<b>434,440</b>	<b>606,550</b>	<b>1,040,990</b>

The accompanying notes are an integral part of the Interim condensed consolidated financial statements

\* The group implemented IFRS 16 from 1 January 2019 by applying the modified retrospective approach. Hemtex AB figures are included in the group accounts from 15 May 2019.

# Interim condensed consolidated statement of cash flows

(Amounts in NOK thousand)	Note	*Q3 2019 Unaudited	Q3 2018 Unaudited	*Q1-Q3 2019 Unaudited	Q1-Q3 2018 Unaudited	FY 2018 Audited
<b>Cash Flow from operation</b>						
Profit before income taxes		48,703	66,481	52,457	70,963	200,332
Taxes paid in the period		0	0	-42,217	-39,215	-40,415
Depreciation & Impairment	10	80,107	9,307	184,537	27,867	37,123
Items classified as investments or financing		-9,328	3,607	6,215	11,517	14,669
<b>Change in net working capital</b>						
Change in inventory		-147,168	-28,664	-205,739	-26,747	48,839
Change in trade debtors		-13,899	-347	-13,897	-163	538
Change in trade creditors		70,151	6,744	91,275	-3,185	-7,495
Change in other provisions**		62,239	25,868	2,077	-32,564	11,625
<b>Net cash flow from operations</b>		<b>90,806</b>	<b>82,996</b>	<b>74,710</b>	<b>8,473</b>	<b>265,216</b>
<b>Cash flow from investment</b>						
Purchase of Hemtex AB, net of cash acquired		0	0	5,230	0	0
Purchase of fixed assets	10	-19,126	-4,945	-51,207	-23,890	-37,293
<b>Net Cash flow from investments</b>		<b>-19,126</b>	<b>-4,945</b>	<b>-45,978</b>	<b>-23,890</b>	<b>-37,293</b>
<b>Cash flow from financing</b>						
Proceeds from long term loans		0	0	674,375	0	0
Repayment of long term loans		0	-396	-627,775	-1,166	-1,560
Repayment of short term loans		0	-50,000	0	50,000	0
Lease payments for principal portion of lease liability	12	-68,746	0	-153,536	0	0
Net change in bank overdrafts		0	0	0	0	0
Dividend payment		0	0	-81,661	-52,839	-101,613
Proceeds from issuance of equity		0	0	0	0	0
Net interest	12	-11,262	-3,339	-28,966	-9,817	-12,640
<b>Net cash flow from financing</b>		<b>-80,008</b>	<b>-53,735</b>	<b>-217,564</b>	<b>-13,821</b>	<b>-115,813</b>
Cash and cash equivalents at the beginning of the period	11	60,997	75,351	242,152	130,071	130,071
Net change in cash and cash equivalents		-8,328	24,317	-188,831	-29,239	112,110
Exchange gains / (losses) on cash and cash equivalents		18	68	-634	-1,097	-29
<b>Cash and cash equivalents at the end of the period***</b>		<b>52,687</b>	<b>99,735</b>	<b>52,686</b>	<b>99,735</b>	<b>242,152</b>

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

\* The group implemented IFRS 16 from 1 January 2019 by applying the modified retrospective approach. Hemtex AB figures are included in the group accounts from 15 May 2019.

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

\*\*\* At 30 September 2019 cash and cash equivalents included a net overdraft of MNOK 100.6. At 30 September 2018 and 31 December 2018 net overdraft was zero.



## 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 in Norway, Sweden, Finland and Estonia.

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 nine months ended 30 September 2019 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 2018, 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 2018.

Other than the implementation of IFRS 16 as per 1 January 2019, amendments to IFRSs effective for the financial year ending 31 December 2019 are not expected to have a material impact on the group.

### Segment reporting

After the acquisition of Hemtex AB and it's subsidiaries on 15 May 2019, the Group reports operating segments in accordance with how the corporate management (the chief operating decision maker) makes, follows up and evaluates its decisions. The operating segments have been identified on the basis of internal management information that is periodically reviewed by the management and used as a basis for resource allocation and key performance review. Hemtex operates in Sweden, Finland and Estonia.

### Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Transaction costs are expensed as incurred.

### Leases

The group has implemented IFRS 16 from 1 January 2019 by applying the modified retrospective approach. At the date of initial application of the new leases standard, lessees recognise the cumulative effect of initial application as an adjustment to the opening balance of equity as of 1 January 2019. Please see the 2018 annual report for further information about the implementation principles and the expected effects on the financial statements.

## Note 4 Estimates, judgments 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 2018.

## Note 5 Business combinations

On 15 May 2019, the Group acquired 100% of the shares and voting interests in Hemtex AB. The purchase consideration was settled in cash.

### Identifiable assets acquired and liabilities assumed

The following table summarises the recognised amounts of assets and liabilities assumed at the date of acquisition.

(Amounts in NOK thousand)

Store lease rights	7,865
Property, plant and equipment	38,467
Trade mark	49,300
Deferred tax assets	17,377
Other long term receivables	8,336
Inventories	137,707
Trade receivables	802
Cash and cash equivalents	39,854
Others short term receivables	27,020
Loans and borrowings *	-201,270
Deferred tax liabilities	-12,772
Pension liabilities	-10,437
Trade and other payables	-131,371
<b>Total identifiable net assets acquired</b>	<b>-29,122</b>
Goodwill at the date of acquisition	63,746
<b>Total Settlement</b>	<b>34,624</b>

\* In the quarter, Kid used parts of the proceeds from the Nordea debt facility (see note 7) to finance the acquisitions of the debt owned by the Hemtex group to ICA Gruppen AB at the date of the transaction.

The cost price allocation is based on a preliminary assessments and could be subjects to change within 12 months.

### Acquisition related costs

The group incurred acquisition-related costs of NOK 7,950 thousand in legal fees and due diligence cost, of which NOK 1,300 thousand is tax deductible. These costs have been included in other operating expenses in profit or loss and in operating cash flows in the statement of cash flows.

### Revenue and profit contribution

The acquired Hemtex business contributed revenues of NOK 348,380 thousand and net loss of NOK 5,123 thousand to the group for the period from 15. May to 30. September 2019. If the acquisition had occurred on 1 January 2019, consolidated pro-forma revenue and loss for the nine-months period ended 30. September 2019 would have been NOK 638,027 thousand and NOK 3,017 thousand respectively.

These amounts have been calculated using the subsidiaries' results and adjusting them for differences in the accounting policies between the group and the subsidiary.

## Note 6 Segment information

Kid Group reports segments in accordance with how the chief operating decision maker makes, follows up and evaluates its decisions. Within the Group, Kid Interior relates to Norway and Hemtex relates to Sweden with immaterial business in Estonia and Finland.

Kid Group sells home textiles in 144 fully owned stores across Norway and 136 stores across EU, of which 119 were in Sweden, 12 in Finland and 5 in Estonia. Of the stores in EU, 124 are owned by Hemtex and 12 are franchises.

The Group also sells home textiles through the Group's online website. Over 98% of the products are sold under own brands.

Group adjustments include transaction and integration costs.

### Q3 2019

(Amounts in NOK thousand)	KID Interior	Hemtex	Eliminations and group adjustments	Total
Revenue	384,905	241,013		625,918
COGS	-150,625	-98,135	-4,430	-253,191
Gross profit	234,279	142,878	-4,430	372,727
Other operating revenue	41	1,044		1,085
Operating expense (OPEX)	-127,387	-102,379	-3,132	-232,898
EBITDA	106,933	41,543	-7,563	140,913
EBITDA ex. IFRS 16	69,608	10,126	-7,563	72,171
Operating profit	64,195	4,174	-7,563	60,807
Operating profit ex. IFRS 16	60,160	5,465	-7,563	58,062
Gross margin (%)	60.9 %	59.3 %	-	59.5 %
OPEX to sales margin (%)	33.1 %	42.5 %	-	37.2 %
EBITDA margin (%)	27.8 %	17.2 %	-	22.5 %
Inventory	390,785	201,051	4,767	596,603
Total assets	2,954,079	404,830	4,657	3,363,567

### Q1-Q3 2019

(Amounts in NOK thousand)	KID Interior	Hemtex	Eliminations and group adjustments	Total
Revenue	1,004,339	348,380	-	1,352,718
COGS	-389,153	-136,592	-5,409	-531,155
Gross profit	615,185	211,787	-5,409	821,564
Other operating revenue	194	1,815		2,009
Operating expense (OPEX)	-387,033	-154,655	-12,502	-554,189
EBITDA	228,346	58,948	-17,911	269,383
EBITDA ex. IFRS 16	117,204	13,272	-17,911	112,565
Operating profit	100,261	2,674	-17,911	85,024
Operating profit ex. IFRS 16	88,491	6,120	-17,911	76,700
Gross margin (%)	61.3 %	60.8 %	-	60.7 %
OPEX to sales margin (%)	38.5 %	44.4 %	-	41.0 %
EBITDA margin (%)	22.7 %	16.8 %	-	19.9 %
Inventory	390,785	201,051	4,767	596,603
Total assets	2,954,079	404,830	4,657	3,363,567



## Note 7 Financial instruments

The group's activities expose it to a variety of financial risks; market 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 2018. 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 30 September 2019 and 30 September 2018.

(Amounts in NOK thousand)	30 September 2019		30 September 2018	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial assets</b>				
Loans and receivables	-	-	-	-
Trade and other receivables excluding pre-payments	21,364	21,364	3,688	3,688
Cash and cash equivalents	153,245	153,245	99,735	99,735
<b>Total</b>	<b>174,609</b>	<b>174,609</b>	<b>103,423</b>	<b>103,423</b>
<b>Financial liabilities</b>				
Borrowings (excluding finance lease liabilities)	785,472	784,893	475,000	475,000
Lease liabilities	579,894	579,894	3,267	3,267
Trade and other payables excluding non-financial liabilities	225,788	225,788	122,785	122,785
<b>Total</b>	<b>1,591,154</b>	<b>1,590,575</b>	<b>601,052</b>	<b>601,052</b>
<b>Financial instruments measured at fair value through profit and loss</b>				
<b>Derivatives - asset</b>				
Foreign exchange forward contracts	6,402	6,402	2,104	2,104
<b>Total</b>	<b>6,402</b>	<b>6,402</b>	<b>2,104</b>	<b>2,104</b>
<b>Derivatives - liabilities</b>				
Foreign exchange forward contracts	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

### 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.

### Financing agreements

In the period with the acquisition of Hemtex AB, Kid ASA has secured a NOK 922,000 thousand financing structure with Nordea Bank for the combined Kid and Hemtex group. After the refinancing, the Group has the following borrowing facilities:

(Amounts in NOK thousand)		Interest	Maturity	Repayment
TL A	150,000	3 months Nibor + 1.30%	3 years	Instalments*
TL B	395,000	3 months Nibor + 1.10%	3 years	At maturity
Revolving credit facility	130,000	3 months Nibor + 1.10%	2 years	At maturity
Overdraft	247,000	1 week IBOR + 1.10%	12 months	At maturity
	922,000			

\* NOK 50,000 thousand annually in semiannual instalments

The facilities are secured by NOK 1,200,000 thousands of inventory, accounts receivables and operating equipment in Kid Interiør AS and Hemtex AB and the shares in Kid Interiør AS and Hemtex AB. The overdraft facility is in addition secured by a floating charge of SEK 300,000 thousand.

In addition to the facilities described above, Kid has secured a NOK 115 million L/C- and guarantee facility.

## Note 8 Earnings per share

	Q3 2019	Q3 2018	Q1-Q3 2019	Q1-Q3 2018	FY 2018
Weighted number of ordinary shares	40,645,162	40,645,162	40,645,162	40,645,162	40,645,162
Net profit or loss for the year	36,207	51,076	37,571	54,520	168,723
<b>Earnings per share (basic and diluted) (Expressed in NOK per share)</b>	<b>0.89</b>	<b>1.26</b>	<b>0.92</b>	<b>1.34</b>	<b>4.15</b>

## Note 9 Related party transactions

The Group's related parties include its 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 nine months ended 30 September 2019 and 2018:

Lease agreements	Q1-Q3 2019	Q1-Q3 2018
Vågsgaten Handel AS with subsidiaries (Store rental)	479	956
Management for Hire*	250	
<b>Total</b>	<b>729</b>	<b>956</b>

\* Integration work performed by the chairman of the board, Petter Schouw-Hansen. The work is approved by the board as per Kid corporate governance policies.

## Note 10 Fixed assets and intangible assets

(Amounts in NOK thousand)	Right of use Assets	PPE	Trademark	Other Intangibles	Goodwill
<b>Balance 31.12.2018</b>	-	91,530	1,459,585	9,835	-
IFRS 16 transition effects (see note 10)	674,700	-	-	-6,532	-
<b>Balance 01.01.2019</b>	<b>674,700</b>	<b>91,530</b>	<b>1,459,585</b>	<b>3,303</b>	-
Exchange differences	1,121	202	262	28	339
Acquisition Hemtex	213,592	38,467	49,300	-	63,746
Additions	84,355	51,416	-	8,249	-
Depreciation and amortisation	-149,412	-33,940	-	-2,474	-
<b>Balance 30.09.2019</b>	<b>824,357</b>	<b>147,674</b>	<b>1,509,147</b>	<b>9,106</b>	<b>64,085</b>

(Amounts in NOK thousand)	Right of use Asset	PPE	Trademark	Other Intangibles
<b>Balance 01.01.2018</b>	-	91,900	1,462,400	8,400
Additions	-	22,900	1,000	-
Depreciation and amortisation	-	-26,800	-1,100	-1,400
<b>Balance 30.09.2018</b>	-	<b>88,000</b>	<b>1,462,300</b>	<b>7,000</b>

## Note 11 Cash and Cash Equivalents

Reconciliation to cash flow statement. The figures below reconcile to the amount of cash shown in the statement of cash flows at the end of the financial period as follows:

	30.09.2019	30.09.2018	31.12.2018
Cash and cash deposits	153,245	99,735	242,152
Bank overdrafts included in short term liabilities to financial ins	-100,558	0	0
Balances per statement of cash flows	52,687	99,735	242,152

## Note 12 Changes in accounting policies – implementation of IFRS 16 Leases

### IFRS 16 effects table

Kid implemented IFRS 16 from 1 January, applying the simplified transition approach, and will not restate comparative amounts for the year prior to first adoption. In the following tables, Q2 2019 and H1 2019 figures excluding IFRS 16 effects are presented to make them comparable with comparative periods for 2018.

### Income Statement

(Amounts in MNOK)	Q3 2019 IFRS 16	IFRS 16 Effects	Q3 2019 IAS 17	Q3 2018 IAS 17	Q1-Q3 2019 IFRS 16	IFRS 16 Effects	Q1-Q3 2019 IAS 17	Q1-Q3 2018 IAS 17
Revenue	625.9	0	625.9	368.1	1,352.7	0.0	1,352.7	924.5
COGS	-253.2	0.0	-253.2	-135.8	-531.2	0.0	-531.2	-358.7
<b>Gross profit</b>	<b>372.7</b>	<b>0.0</b>	<b>372.7</b>	<b>232.3</b>	<b>821.6</b>	<b>0.0</b>	<b>821.6</b>	<b>565.9</b>
Gross margin (%)	59.5 %		59.5 %	63.1 %	60.7 %		60.7 %	61.2 %
Other operating revenue	1.1	0.0	1.1	0.0	2.0	0.0	2.0	0.1
OPEX	-232.9	-68.7	-301.6	-153.4	-554.2	-156.8	-711.0	-457.0
<b>EBITDA</b>	<b>140.9</b>	<b>-68.7</b>	<b>72.2</b>	<b>78.9</b>	<b>269.4</b>	<b>-156.8</b>	<b>112.6</b>	<b>108.9</b>
EBITDA margin (%)	22.5 %		11.5 %	21.4 %	19.9 %		8.3 %	11.8 %
Depreciation and amortisation	-80.1	66.0	-14.1	-9.3	-184.4	148.5	-35.9	-27.9
<b>EBIT</b>	<b>60.8</b>	<b>-2.7</b>	<b>58.1</b>	<b>69.6</b>	<b>85.0</b>	<b>-8.3</b>	<b>76.7</b>	<b>81.1</b>
EBIT margin (%)	9.7 %		9.3 %	18.9 %	6.3 %		5.7 %	8.8 %
Net finance	-12.1	7.7	-4.4	-3.1	-32.6	22.1	-10.4	-10.1
<b>Profit before tax</b>	<b>48.7</b>	<b>5.0</b>	<b>53.7</b>	<b>66.5</b>	<b>52.5</b>	<b>13.8</b>	<b>66.3</b>	<b>71.0</b>
<b>Net profit</b>	<b>36.2</b>	<b>3.9</b>	<b>40.1</b>	<b>51.1</b>	<b>37.6</b>	<b>10.8</b>	<b>48.4</b>	<b>54.5</b>



## Balance Sheet

	30.09.2019		30.09.2019	30.09.2018
(Amounts in MNOK)	IFRS 16	IFRS 16 effects	IAS17	IAS17
<b>Assets</b>				
Goodwill	64.1	0.0	0.0	0.0
Trademark	1,509.1	0.0	1,509.1	1,462.3
Other intangible assets	9.1	5.1	14.2	7.0
Deferred tax asset	8.6	-1.1	7.5	0.0
<b>Total intangible assets</b>	<b>1,591.0</b>	<b>4.0</b>	<b>1,530.9</b>	<b>1,469.3</b>
Right of use asset	824.4	-824.4	0.0	0.0
Fixtures and fittings, tools, office machinery and equipment	147.7	0.0	147.7	88.0
<b>Total tangible assets</b>	<b>972.0</b>	<b>-824.4</b>	<b>147.7</b>	<b>88.0</b>
<b>Total fixed assets</b>	<b>2,563.0</b>	<b>-820.3</b>	<b>1,678.6</b>	<b>1,557.3</b>
Inventories	596.6	0.0	596.6	328.7
Trade receivables	21.4	0.0	21.4	3.7
Other receivables	23.0	37.6	60.6	24.6
Derivatives	6.4	0.0	6.4	2.1
<b>Total receivables</b>	<b>50.7</b>	<b>37.6</b>	<b>88.4</b>	<b>30.4</b>
Cash and bank deposits	153.2	0.0	153.2	99.7
<b>Total current assets</b>	<b>800.6</b>	<b>37.6</b>	<b>838.2</b>	<b>458.8</b>
<b>Total assets</b>	<b>3,363.6</b>	<b>-782.7</b>	<b>2,580.9</b>	<b>2,016.1</b>

## Balance Sheet

	30.09.2019		30.09.2019	30.09.2018
(Amounts in MNOK)	IFRS 16	IFRS 16 Effects	IAS17	IAS17
<b>Equity and liabilities</b>				
Share capital	48.8	0.0	48.8	48.8
Share premium	321.0	0.0	321.0	321.0
Other paid-in-equity	64.6	0.0	64.6	64.6
<b>Total paid-in-equity</b>	<b>434.4</b>	<b>0.0</b>	<b>434.4</b>	<b>434.4</b>
Other reserves - OCI	0.4	0.0	0.4	0.0
Other equity	606.1	10.8	617.0	585.4
<b>Total equity</b>	<b>1,041.0</b>	<b>10.8</b>	<b>1,051.8</b>	<b>1,019.9</b>
Pension liabilities	0.0	0.0	0.0	0.0
Deferred tax	318.0	1.9	320.0	334.5
Other provisions	0.0	0.0	0.0	0.0
<b>Total provisions</b>	<b>318.0</b>	<b>1.9</b>	<b>320.0</b>	<b>334.5</b>
IFRS 16 Land and building	579.9	-578.2	1.7	0.0
Liabilities to financial institutions	494.4	0.0	494.4	428.3
Derivatives	0.0	0.0	0.0	0.0
<b>Total long-term liabilities</b>	<b>1,074.3</b>	<b>-578.2</b>	<b>496.1</b>	<b>428.3</b>
IFRS 16 Land and building	217.2	-217.2	0.0	0.0
Liabilities to financial institutions	291.1	0.0	291.1	50.0
Trade payable	170.8	0.0	170.8	42.0
Tax payable	25.7	0.0	25.7	17.6
Public duties payable	100.1	0.0	100.1	82.0
Dividends	0.0	0.0	0.0	0.0
Derivatives	0.0	0.0	0.0	0.0
Other short-term liabilities	125.4	0.0	125.4	41.9
<b>Total short-term liabilities</b>	<b>930.2</b>	<b>-217.2</b>	<b>713.0</b>	<b>233.5</b>
<b>Total liabilities</b>	<b>2,322.6</b>	<b>-793.5</b>	<b>1,529.1</b>	<b>996.3</b>
<b>Total equity and liabilities</b>	<b>3,363.6</b>	<b>-782.7</b>	<b>2,580.9</b>	<b>2,016.1</b>

## Cash Flow

(Amounts in MNOK)	Q3 2019 IFRS 16	IFRS 16 Effects	Q3 2019 IAS 17	Q3 2018 IAS 17	Q1-Q3 2019 IFRS 16	IFRS 16 Effects	Q1-Q3 2019 IAS 17	Q1-Q3 2018 IAS 17
Net cash flow from operations	90.8	76.3	14.5	83.0	74.7	182.8	-108.1	8.5
Net Cash flow from investments	-19.1	0.0	-19.1	-4.9	-46.0	0.0	-46.0	-23.9
Net cash flow from financing	-80.0	-76.3	-3.7	-53.7	-217.6	-182.8	-34.7	-13.8
<b>Net change in cash and cash equivalents</b>	<b>-8.3</b>	<b>0.0</b>	<b>-8.3</b>	<b>24.3</b>	<b>-188.8</b>	<b>0.0</b>	<b>-188.8</b>	<b>-29.2</b>
Cash and cash equivalents at the beginning of the period	61.0	0.0	61.0	75.4	242.2	0.0	242.2	130.1
Exchange gains / (losses) on cash and cash equivalents	0.0	0.0	0.0	0.1	-0.6	0.0	-0.6	-1.1
Change in financial derivatives in OCI	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Cash and cash equivalents at the end of the period***</b>	<b>52.7</b>	<b>0.0</b>	<b>52.7</b>	<b>99.7</b>	<b>52.7</b>	<b>0.0</b>	<b>52.7</b>	<b>99.7</b>

# Definitions

- **Like-for-like** revenue are revenue from stores that were in operation at the start of last year's period and the end of the current reporting period. Refurbished and relocated stores, as well as online sales, are included in the definition. For the comparative year, Hemtex like-for-like revenue is derived from Hemtex management information (not audited by Kid ASA). Like-for-like revenue for Hemtex is calculated in constant currency. Like-for-like revenue is an important key figure for the Kid Group and the user of financial statements as it illustrates the underlying organic revenue growth excluding the effects of store openings and closures.
- **Revenue growth** represents the growth in revenue for the current reporting period compared to the comparative period the previous year. For Hemtex, the comparative period is derived from Hemtex management information (not audited by Kid ASA). Revenue growth for Hemtex is calculated in constant currency. Revenue growth is an important key figure for the KID Group and the user of financial statements as it illustrates the underlying organic revenue growth.
- **Gross profit** is defined as revenue minus the cost of goods sold (COGS). The gross profit represents sales revenue that the Group retains after incurring the direct costs associated with the purchase and distribution of the goods.
- **Gross margin** is defined as Gross profit divided by Revenue. The gross margin reflects the percentage margin of the sales revenue that the Group retains after incurring the direct costs associated with the purchase and distribution of the goods and is an important internal KPI.
- **OPEX to sales margin** is the sum of Employee benefits expense and Other operating expenses divided by Revenue. The OPEX to sales margin measures operating cost efficiency as percentage of sales revenue and is an important internal KPI.
- **EBITDA** is earnings before tax, interests, amortisation of other intangibles and depreciation and write-down of property, plant and equipment and right-of-use assets is an important performance measure for Kid. **Adjusted EBITDA** is defined as EBITDA less items defined as other income and expenses, which includes inter alia, transaction and integration costs. These performance measures are important key figures for Kid Group and considered useful to the users of the financial statements when evaluating operational profitability on a more variable cost basis as they exclude amortisation and depreciation expense related to capital expenditure, and also items not considered as a part of ordinary operations.
- **EBITDA margin** is EBITDA divided by Total revenue. The **Adjusted EBITDA margin** is Adjusted EBITDA divided by total Revenue. These performance measures are important key figures for Kid Group and are considered useful to the users of the financial statements when evaluating operational efficiency on a more variable cost basis as they exclude amortisation and depreciation expense related to capital expenditure, and also items not considered as a part of ordinary operations.
- **EBIT** (earnings before interest, tax) is operating profit. **Adjusted EBIT** is defined as EBIT less items defined as other income and expenses, which includes inter alia, transaction and integration costs. These performance measures are considered useful to the users of the financial statements when evaluating operational profitability, also excluding items not considered as a part of ordinary operations.
- **EBIT margin** is EBIT divided by Total revenue. The **Adjusted EBIT margin** is Adjusted EBIT divided by total Revenue. These performance measures are important key figures for Kid Group and are considered useful to the users of the financial statements when evaluating operational efficiency, also excluding items not considered as a part of ordinary operations.
- **Net Capital expenditure** represent the cash flow from the investment spending in property, plant and equipment and other intangibles, less sale such asset.
- **Net Income** is profit (loss) for the period.
- **Adjusted Net Income** is Net Income adjusted for items defined as other income and expenses, which includes inter alia, transaction and integration costs adjusted for tax effects and change in deferred tax caused by change in 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.