

# Kid ASA

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Interim report Q4 2019



## Dear Shareholders

Performance has improved across all categories in 2019. We proudly present our best result ever – both for the KID group and Kid Interiør AS. Our integration of Hemtex is progressing according to plan and Hemtex experienced double-digit growth in the fourth quarter. Operational changes as well as an introduction of Kid design and products have contributed to the growth. We have summarized the key take aways for the last quarter below:

- Strong growth in Hemtex, both in absolute terms and LFL, with all time high sales both online and in stores. In Q4, Hemtex successfully introduced a limited assortment of products from Kid, adding to the increased sales. Furthermore, the integration of Hemtex is running according to plan, and we continue to drive top line growth and realise cost synergies. We maintain our financial target of MSEK 100 in EBITDA in Hemtex in 2021.
- Strong sales growth throughout the quarter, including Black Week and Black Friday with new one-day revenue records on Black Friday for both Kid and Hemtex.
- In order to reduce the number of sold-out situations, we have invested in higher stock levels, which, in addition to a stronger USD, has resulted in higher inventories. We expect to further capitalise on this investment going forward.
- Continuous category development is important to drive future growth, and during the quarter Kid interior successfully launched ‘Moments’, a new concept for candles and napkins.
- During the quarter, Kid Interior opened two new stores at Kilden (Stavanger) and in Bogstadveien (Oslo), and closed one store (Ski), and refurbished one store (Strømmen). In Hemtex, one store was closed, two stores were relocated and six were refurbished.
- Again, Kid has been one of the main sponsors of the Pink Ribbon campaign in Norway, where the sales of ribbons and a variety of other products contributed MNOK 1.3 to the campaign, helping raise awareness and funding for breast cancer.



Heading into a new fiscal year, we look forward to continuing the positive trend for the Kid Group. Key focus areas include continued integration of Hemtex, further optimisation of our store portfolio, improved digital footprint and online channels, as well as strengthening our value chain. Although retail is a rapidly changing industry, we remain confident in our well-established platform and proven business model, and we look forward to taking advantage of new business opportunities going forward. 2020, here we come!

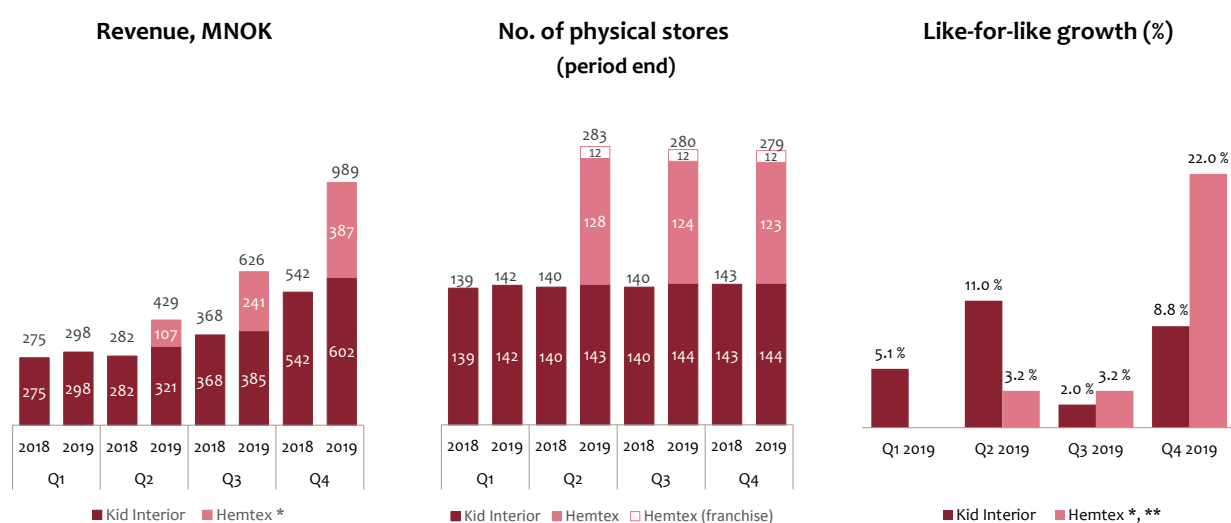
Yours sincerely,

Anders Fjeld

## Fourth quarter in brief

Hemtex AS is included in the group accounts from May 15th. Thus the presentation of growth and corresponding figures for last year is challenging. The Kid group figures (Kid ASA, Kid Interiør and Hemtex) are presented with figures from the corresponding period last year in brackets ( Kid ASA and Kid Interiør AS). 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.

- The group revenue of MNOK 989.5 (MNOK 542.2) in Q4 2019. Hemtex AB contributed with an increase of MNOK 387.5 in revenues for the quarter. For the full year, revenues amounted to MNOK 2342.2\* (MNOK 1466.7).
- Gross margin was 60.1% (60.4%) in Q4 and 60.5% (60.9%) for the full year.
- Adjusted EBITDA The group in Q4 was MNOK 299.1 and MNOK 229.3 (MNOK 141.3) exclusive of IFRS 16 effects. For the full year, adjusted EBITDA was MNOK 581.0 and MNOK 354.4 (MNOK 250.2) exclusive of IFRS 16 effects. Hemtex AB contributed MNOK 70.3 in Q4 exclusive of IFRS 16 effects. EBITDA is adjusted for transaction and integrations cost of MNOK 1.6 in Q4 and MNOK 14.1 for the full year.
- Adjusted EPS exclusive of IFRS 16 effects increased to NOK 5.76 (3.79) for the full year. The board of directors will propose a half-year dividend of NOK 2,40 per share to the annual general meeting to be held in Norway on May 27<sup>th</sup> 2020
- For Kid Interior, revenues were MNOK 602.0 (MNOK 542.2) in the fourth quarter, representing a revenue growth of 11.0% (7.2%) and like-for-like growth of 8.8% (5.3%). Gross margin was 61.2% (60.4%) and EBITDA exclusive of IFRS 16 effects was MNOK 166.2 (MNOK 141.3). Kid Interior increased its market share to 36.5% (34.7%) for the twelve months ending 31.08.2019
- For Hemtex, revenues were MNOK 387.5 in the fourth quarter, representing a revenue growth of 19.6%\*\* and like-for-like growth\*\* growth of 22.0%. Gross margin was 60.3% and EBITDA exclusive of IFRS 16 effects was MNOK 70.3



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

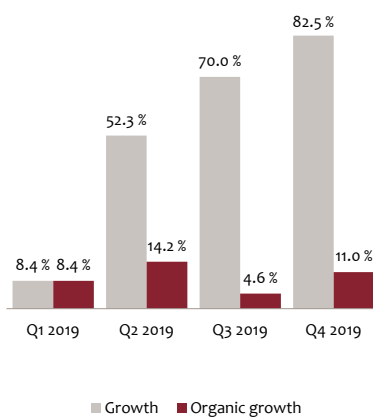
\*\* Calculated in constant currency. See definition page 27.

# Key figures for Kid Group

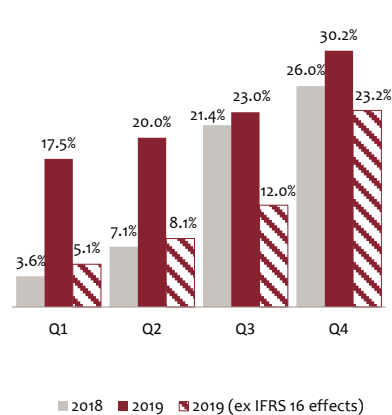
The group implemented IFRS 16 from 1 January 2019 by applying the modified retrospective approach.

(Amounts in NOK million)	Q4 2019 IFRS 16	Q4 2019 Excl. IFRS 16	Q4 2018 IAS 17	*FY 2019 IFRS 16	*FY 2019 Excl. IFRS 16	FY 2018 IAS 17
<b>Revenue</b>	<b>989.5</b>	<b>989.5</b>	<b>542.2</b>	<b>2,342.2</b>	<b>2,342.2</b>	<b>1,466.7</b>
Revenue growth	82.5 %	82.5 %	7.2 %	59.7 %	59.7 %	6.2 %
LFL growth including online sales (KID Interior)	8.8 %	8.8 %	5.3 %	6.8 %	6.8 %	3.1 %
LFL growth including online sales (Hemtex) **	22.0%	22.0 %	-	12.5 %	12.5%	-
No. of physical stores, period end (excl. franchise)	267	267	143	267	267	143
<b>COGS</b>	<b>-394.5</b>	<b>-394.5</b>	<b>-214.6</b>	<b>-925.7</b>	<b>-925.7</b>	<b>-573.2</b>
<b>Gross profit</b>	<b>595.0</b>	<b>595.0</b>	<b>327.6</b>	<b>1,416.5</b>	<b>1,416.5</b>	<b>893.5</b>
Gross margin (%)	60.1%	60.1%	60.4%	60.5%	60.5%	60.9%
<b>Adj. EBITDA ***</b>	<b>299.1</b>	<b>229.3</b>	<b>141.3</b>	<b>581.0</b>	<b>354.4</b>	<b>250.2</b>
Adj. EBITDA margin (%)	30.2%	23.2%	26.0%	24.8%	15.1%	17.1%
<b>EBITDA</b>	<b>297.6</b>	<b>227.8</b>	<b>141.3</b>	<b>566.9</b>	<b>340.3</b>	<b>250.2</b>
EBITDA margin (%)	30.1%	23.0%	26.0%	24.2%	14.5%	17.1%
<b>Adj. EBIT ***</b>	<b>218.5</b>	<b>214.7</b>	<b>132.0</b>	<b>316.0</b>	<b>303.9</b>	<b>213.1</b>
Adj. EBIT margin (%)	22.1%	21.7%	24.3%	13.5%	13.0%	14.5%
<b>EBIT</b>	<b>217.0</b>	<b>213.1</b>	<b>132.0</b>	<b>302.0</b>	<b>289.8</b>	<b>213.1</b>
EBIT margin (%)	21.9%	21.5%	24.3%	12.9%	12.4%	14.5%
<b>Adj. Net income ****</b>	<b>171.6</b>	<b>174.5</b>	<b>99.6</b>	<b>220.4</b>	<b>234.1</b>	<b>154.1</b>
Adj. Earnings per share	4.22	4.29	2.45	5.42	5.76	3.79
<b>Net income</b>	<b>170.4</b>	<b>173.3</b>	<b>114.2</b>	<b>207.9</b>	<b>221.6</b>	<b>168.7</b>
Earnings per share	4.19	4.26	2.81	5.12	5.45	4.15
#shares at period end	40.6	40.6	40.6	40.6	40.6	40.6
<b>Net interest bearing debt</b>	<b>1,137.5</b>	<b>335.3</b>	<b>185.7</b>	<b>1,137.5</b>	<b>335.3</b>	<b>185.7</b>

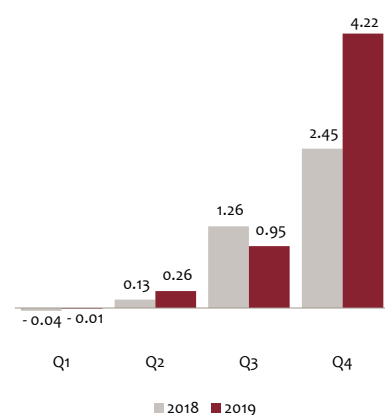
Revenue growth (%) \*



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 27. Full year of 2019 is for the period 15 May until 31 December.

\*\*\* Adjusted for transaction costs and integration costs. See page 6 for details on adjustments

\*\*\*\* Adjusted for transaction costs, integration costs and tax. 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 Q4 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 fourth quarter amounted to MNOK 989.5 (MNOK 542.2) in 2019, an increase of 82.5% (7.2%) compared to the fourth quarter of 2018. For the full year of 2019, revenue amounted to MNOK 2,342.2 (MNOK 1,466.7). The acquisition of Hemtex AB contributed with MNOK 387.5, or 71.5 percentage points, to the revenue growth for the fourth quarter. The remaining MNOK 59.8, or 11.0 percentage points, of the revenue growth for the quarter can be attributed to MNOK 47.7 in like-for-like growth and MNOK 12.1 from net new stores within Kid Interior.

### Q4 2019 vs Q4 2018 revenue bridge, MNOK

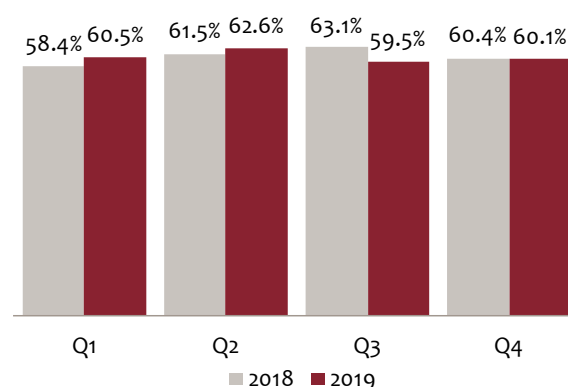


**Gross margin** was 60.1% (60.4%) for the fourth quarter, and 60.5% (60.9%) for the full year of 2019.

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 295.9 in the fourth quarter. Operating expenses, excluding IFRS 16 effects, were MNOK 365.7 (MNOK 186.6), up 96% from Q4 2018.

The acquisition of Hemtex AB contributed with MNOK 163.4 to the increase in operating expenses exclusive of IFRS 16 effects for the fourth quarter. Transaction and integration cost related to the acquisition of Hemtex AB amounted to MNOK 1.6 in the fourth quarter. There were no adjustments for extraordinary operating costs in 2018.

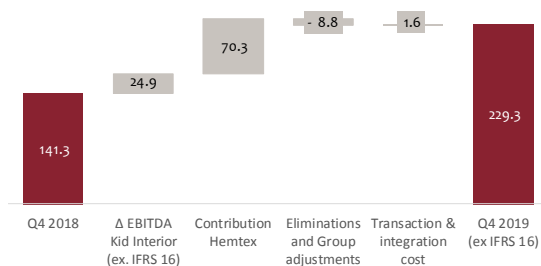
For the full year of 2019, operating expenses including employee benefit expenses amounted to MNOK 837.6. Exclusive of IFRS 16 effects, the operating expenses for the full year of 2019 were MNOK 1,064.2 (MNOK 643.6).

Transactions and integration cost related to the acquisition of Hemtex AB amounted to MNOK 14.1 for the full year. Transaction costs of MNOK 8.8 are

considered one-offs. There were no adjustments for extraordinary operating costs in 2018.

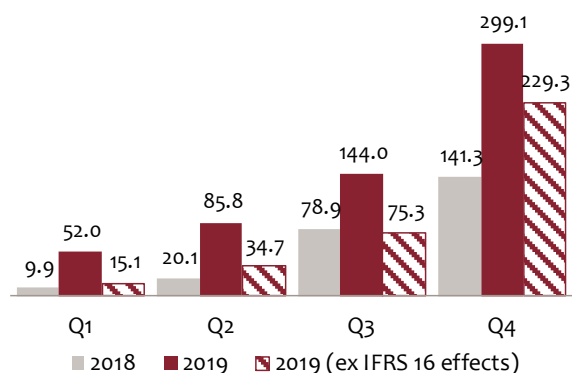
**Adjusted EBITDA** amounted to MNOK 299.1 in the fourth quarter. Excluding IFRS 16 effects, adjusted EBITDA was MNOK 229.3 (MNOK 141.3). This represents an adjusted EBITDA margin of 23.2% (26.0%). The adjusted EBITDA margin in the fourth quarter was negatively impacted by transactions and integration cost of MNOK 1.6, related to the acquisition of Hemtex AB.

#### Q4 2018 vs Q4 2019 adjusted EBITDA bridge, MNOK



For the full year, adjusted EBITDA was MNOK 581.0. Exclusive of IFRS 16 effects adjusted EBITDA was MNOK 354.4 (MNOK 250.2), driven by strong organic growth and the inclusion of Hemtex AB from 15 May 2019.

#### Adjusted EBITDA, MNOK



**EBIT** amounted to MNOK 217.0 in the fourth quarter. The EBIT for the fourth quarter was positively affected by the inclusion of Hemtex AB. Excluding IFRS 16 effects, EBIT was MNOK 213.1 (MNOK 132.0). This represents an EBIT margin of 21.5% (24.3%) exclusive of IFRS 16 effects.

EBIT for the full year amounted to MNOK 302.0. Exclusive of IFRS 16 effects, EBIT was MNOK 289.8 (MNOK 213.1). This represents an EBIT margin of 12.4% (14.5%).

**Adjusted EBIT** for Q4 2019 was MNOK 218.5. Exclusive of IFRS effects, adjusted EBIT was MNOK 214.7 (MNOK 132.0). EBIT is adjusted for MNOK 1.6 in integration costs. Adjusted EBIT for the full year of 2019 amounted to MNOK 316.0. Exclusive of IFRS 16 effects, adjusted EBIT was MNOK 303.9 (MNOK 213.1), representing a margin 13.0% (14.5%)

**Net financial expenses** amounted to MNOK 8.4 in the fourth quarter. Exclusive of IFRS 16 Effects, net financial expense was MNOK 0.8 (MNOK 2.7). For the full year, net financial expenses were MNOK 40.9. Exclusive of IFRS 16 effects, net financial expenses amounted to MNOK 11.3 (MNOK 12.8) for the full year.

**Net income** amounted to MNOK 170.4 in the fourth quarter and MNOK 173.3 (MNOK 114.2) exclusive of IFRS 16 effects. Net income for the full year was MNOK 207.9 and MNOK 221.6 (MNOK 168.7) exclusive of IFRS 16 effects.

**Adjusted net income** amounted to MNOK 171.6 in the fourth quarter and MNOK 174.5 (MNOK 99.6) exclusive of IFRS 16 effects. Adjusted net income for the full year was MNOK 220.4 and MNOK 234.1 (MNOK 154.1) 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)	Q4 2019	Q4 2018	FY 2019	FY 2018
Transaction cost related to Hemtex acquisition*	0.0		8.8	
Integration cost related to Hemtex acquisition	1.6		5.3	
<b>EBITDA and EBIT adjustments</b>	<b>1.6</b>		<b>14.1</b>	
<b>Profit adjustments before tax</b>	<b>1.6</b>		<b>14.1</b>	
Tax effects on adjustments (22%)	-0.3		-1.6	
Adj. for change in deferred tax caused by lower tax rate in 2018			-14.6	-14.6
<b>Net income adjustments</b>	<b>1.2</b>	<b>-14.6</b>	<b>12.4</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)	Q4 2019	Q4 2019 excl. IFRS 16	Q4 2018	FY 2019	FY 2019 excl. IFRS 16	FY 2018
<b>Revenue</b>	<b>602.0</b>	<b>602.0</b>	<b>542.2</b>	<b>1,606.3</b>	<b>1,606.3</b>	<b>1,466.7</b>
Revenue growth	11.0 %	11.0 %	7.2 %	9.5 %	9.5 %	6.2 %
LFL growth including online sales	8.8 %	8.8 %	5.3 %	6.8 %	6.8 %	3.1 %
<b>COGS</b>	<b>-233.4</b>	<b>-233.4</b>	<b>-214.6</b>	<b>-622.6</b>	<b>-622.6</b>	<b>-573.2</b>
<b>Gross profit</b>	<b>368.5</b>	<b>368.5</b>	<b>327.6</b>	<b>983.7</b>	<b>983.7</b>	<b>893.5</b>
Gross margin (%)	61.2 %	61.2 %	60.4 %	61.2 %	61.2 %	60.9 %
Other operating revenue	0.0	0.0	0.3	0.2	0.2	0.3
Employee benefits expense	-106.2	-106.2	-92.2	-349.1	-349.1	-310.9
Other operating expense	-59.0	-96.1	-94.4	-203.1	-351.4	-332.7
<b>EBITDA</b>	<b>203.3</b>	<b>166.2</b>	<b>141.3</b>	<b>431.7</b>	<b>283.4</b>	<b>250.2</b>
EBITDA margin (%)	33.8 %	27.6 %	26.0 %	26.9 %	17.6 %	17.1 %
<b>EBIT</b>	<b>159.2</b>	<b>155.9</b>	<b>132.0</b>	<b>259.5</b>	<b>244.4</b>	<b>213.1</b>
EBIT margin (%)	26.5 %	25.9 %	24.3 %	16.2 %	15.2 %	14.5 %
No. of shopping days	77	77	77	303	303	303
No. of physical stores at period end	144	144	143	144	144	143

## Hemtex

(Amounts in NOK millions)	Q4 2019	Q4 2019 excl. IFRS 16	Q4 2018	FY 2019	*FY 2019 excl. IFRS 16	FY 2018
<b>Revenue</b>	<b>387.5</b>	<b>387.5</b>	-	<b>735.9</b>	<b>735.9</b>	-
Revenue growth **	19.6 %	19.6 %	-	13.1 %	13.1 %	-
LFL growth including online sales **	22.0 %	22.0 %	-	12.5 %	12.5 %	-
<b>COGS</b>	<b>-153.9</b>	<b>-153.9</b>	-	<b>-290.5</b>	<b>-290.5</b>	-
<b>Gross profit</b>	<b>233.6</b>	<b>233.6</b>	-	<b>445.4</b>	<b>445.4</b>	-
Gross margin (%)	60.3 %	60.3 %	-	60.5 %	60.5 %	-
Other operating revenue	0.1	0.1	-	1.9	1.9	-
Employee benefits expense	-67.4	-67.4	-	-154.4	-154.4	-
Other operating expense	-63.3	-96.0	-	-131.0	-209.3	-
<b>EBITDA</b>	<b>103.0</b>	<b>70.3</b>	-	<b>161.9</b>	<b>83.6</b>	-
EBITDA margin (%)	26.6 %	18.1 %	-	21.9 %	11.3 %	-
<b>EBIT</b>	<b>66.5</b>	<b>65.9</b>	-	<b>69.2</b>	<b>72.0</b>	-
EBIT margin (%)	17.2 %	17.0 %	-	9.4 %	9.8 %	-
No. of shopping days	91	91	-	91	91	-
No. of physical stores at period end (excl. franchise)	123	123	-	123	123	-

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

\*\* Calculated in constant currency. See definition page 27. FY 2019 is for the period 15 May until the end of FY19.

## Segment: Kid Interior

**Revenue** in the fourth quarter of 2019 amounted to MNOK 602.0 (MNOK 542.2), an increase of 11.0% (7.2%) compared to the fourth quarter of 2018. The number of ordinary shopping days in the fourth quarter was 77, compared to 77 days last year. For the full year revenues amount to MNOK 1,606.3 (1,466.7), an increase of 9.5% (6.2%). The number of ordinary shopping days for the full year was 303 (303).

The index for sale of home textiles in Q4 2019 in specialised stores in Norway decreased by -1.0% compared to an increase of +11.0% for Kid, according to Statistics Norway. The latest accurate market statistic based on tax returns data show a market growth of 3.3% for the twelve months ending 31.08.2019. For the same period, Kid increased revenues by 8.6% and the market share to 36.5% (34.7%).

Online sales increased by 21.1% (30.0%) in the fourth quarter of 2019 driven by a broader assortment online and better performance during black week. Full year online revenues were MNOK 82.6 (67.8) months, a growth 21.8% compared to 2018. The online share of total revenues was 5.1% (4.6%) for the full year.

During the fourth quarter of 2019, two stores were opened at Kilden Hillevåg (Stavanger) and Bogstadveien (Oslo). One store was closed (Ski), while one store (Strømmen) was refurbished. The total number of physical stores at the end of the quarter was 144 (143).

**Gross margin** was 61.2% (60.4%) for the fourth quarter and 61.2% (60.9%) for the full year. The gross margin was positively impacted by freight costs and a change in product mix.

**Operating expenses**, including employee benefit expenses, were MNOK 165.2 in the fourth quarter. Operating expenses, excluding IFRS 16 effects, were MNOK 202.3 (186.6). For the full year, operating expenses including employee benefit expenses, excluding IFRS 16 effects, amounted to

MNOK 700.5 (643.6). Transaction and integration costs are not included in the Kid Interior segment.

Kid Interior's operating expenses as a ratio of sales, excluding IFRS 16, was 33.6% (34.4%) and 43.6% (43.9%) for Q4 and for the full year respectively.

Employee expenses increased by 15.2% to MNOK 106.2 (MNOK 92.2) in the fourth quarter:

- 1.1 percentage points due to net new stores
- 1.2 percentage points due to general salary inflation, increased staffing level in stores and relocation of stores
- 5.4 percentage points due to general salary inflation and increased staffing level at HQ in order to strengthen finance, marketing and IT departments
- 7.2 percentage points due to increased provision for store, HQ and management bonuses
- 0.3 percentage points due to increased numbers of hours worked in our online store.

Other operating expenses, excluding IFRS 16, increased by 1.8% in the quarter to MNOK 96.1 (MNOK 94.4)

- 2.2 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
- 0.4 percentage points related to an increase in marketing costs
- -1.8 percentage points related to a decrease in other operating expenses



**EBITDA** amounted to MNOK 203.3 in the fourth quarter. Excluding IFRS 16 effects, EBITDA was MNOK 166.2 (MNOK 141.3). This represents an EBITDA margin of 27.6% (26.0%).

EBITDA for the full year, excluding IFRS 16 effects, was MNOK 283.4 (MNOK 250.2), an increase of 13.3% was driven by revenue growth and increase in gross margin, partly offset by increased OPEX.

**Q4 2019 vs. Q4 2018 EBITDA bridge, MNOK**



155.9 (MNOK 132.0). This represents an EBIT margin of 25.9% (24.3%). EBIT was affected by increased depreciation due to last year's capex levels.

EBIT for the full year was MNOK 259.5 Excluding IFRS 16 effects, EBIT amounted to MNOK 244.4 (MNOK 213.1), corresponding to an EBIT margin of 15.2% (14.5%).

**EBIT** amounted to MNOK 159.2 in the fourth quarter. Excluding IFRS 16 effects, EBIT was MNOK



## Segment: Hemtex

**Revenue** for the fourth quarter amounted to MNOK 387.5. The number of ordinary shopping days during the period was 91, compared to 91 days last year. Out of Hemtex' 135 stores (including franchise), 108 are open on Sundays. Only on Easter Sunday, Christmas Day, and New Year's Day are all Hemtex stores closed.

The index for sale of home textiles in specialised stores in Sweden increased by 4,9% in Q4 2019.

Online sales amounted to MSEK 37.9 during the fourth quarter.

The collaboration with Hemtex 24H, ICA and Kesko, continued to grow in the fourth quarter and the revenue amounted to MSEK 16,8 (MSEK 4,5). The growth is driven by ICA primarily.

During the fourth quarter one store in Puuvilla Pori (Finland) was closed, the stores in Jönköping and Farsta (Sweden) were relocated, and six stores in Sweden were refurbished. Farsta, Linköping Ikano, Mobilia, Sickla and Uppsala Boländerna was refurbished with Kid concept which is new for Hemtex. Jönköping was refurbished with Hemtex H17 concept. The number of own physical stores at the end of the quarter was 123 (133), and the number of franchise stores was 12 (14). The total number of physical stores at the end of the quarter was 135 (147).

**Gross margin** was 60.3 % for the fourth quarter. Implementation of Kid's campaign model, product mix and unfavourable USDSEK development negatively impacted gross margin.

**Operating expenses**, including employee benefit expenses, were MNOK 130.7 for the fourth quarter. Operating expenses including employee benefit expense, excluding IFRS 16 effects, was MNOK 163.4.

Employee expenses for the fourth quarter amounted to MNOK 67.4. Employee expenses

include restructuring cost related to organizational changes at HQ of MNOK 1.9.

Other operating expenses for the fourth quarter amounted to MSEK 96.0 exclusive of IFRS 16 effects. Increased marketing and cost related to change of logistics partner had a negative impact on other operating expenses compared to fourth quarter of 2018. Increased marketing has been one of the key drivers for the revenue growth in the quarter.

**EBITDA** amounted to MNOK 103.0 for the fourth quarter. Excluding IFRS 16 effects, EBITDA was MSEK 70.3. This represents an EBITDA margin of 18.1%.

### Events after the end of the reporting period

The Board of Directors proposes a half-year dividend of NOK 2.40 per share in May 2020. Kid also paid a half-year dividend of NOK 1,20 per share in November 2019. In total, these payments represent 62,5% of preliminary adjusted net income for 2019.


The board of directors will also propose to the annual general meeting that the board is given the authority to distribute an additional half-year dividend in November 2020 in accordance with the

dividend policy and in light of the third quarter 2020 results.

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

Lier, 26th February 2020


The board of Kid ASA



Petter Schouw-Hansen



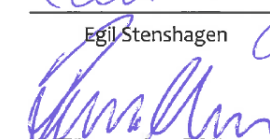
Karin Bing Orgland



Egil Stenshagen



Vilde Falck-Ytter



Rune Marsdal

# **Kid ASA - Group figures Q4 2019**

## **Financial statements**

## Interim condensed consolidated statement of profit and loss

(Amounts in NOK thousand)	Note	Q4 2019 Unaudited	Q4 2018 Unaudited	*FY 2019 Unaudited	FY 2018 Audited
Revenue		989,462	542,196	2,342,180	1,466,729
Other operating revenue		74	276	2,082	336
<b>Total revenue</b>		<b>989,535</b>	<b>542,473</b>	<b>2,344,263</b>	<b>1,467,064</b>
Cost of goods sold		-394,511	-214,551	-925,666	-573,230
Employee benefits expense		-173,633	-92,248	-503,494	-310,898
Depreciation and amortisation expenses	10	-80,615	-9,256	-264,974	-37,123
Other operating expenses		-123,825	-94,369	-348,153	-332,703
<b>Total operating expenses</b>		<b>-772,584</b>	<b>-410,423</b>	<b>-2,042,288</b>	<b>-1,253,954</b>
<b>Operating profit</b>		<b>216,951</b>	<b>132,049</b>	<b>301,975</b>	<b>213,110</b>
Financial income		5,391	990	9,510	1,337
Financial expense	12	-13,768	-3,670	-50,453	-14,115
<b>Net financial income (+) / expense (-)</b>		<b>-8,376</b>	<b>-2,680</b>	<b>-40,943</b>	<b>-12,778</b>
<b>Profit before tax</b>		<b>208,575</b>	<b>129,370</b>	<b>261,032</b>	<b>200,332</b>
Income tax expense		-38,196	-15,166	-53,082	-31,609
<b>Net profit (loss) for the period</b>		<b>170,379</b>	<b>114,203</b>	<b>207,950</b>	<b>168,723</b>
<b>Interim condensed consolidated statement of comprehensive income</b>					
Profit for the period		170,379	114,203	207,950	168,723
Other comprehensive income		-13,461	14,719	-134	19,427
Tax on comprehensive income		2,920	-3,201	-303	-4,284
<b>Total comprehensive income for the period</b>		<b>159,838</b>	<b>125,722</b>	<b>207,513</b>	<b>183,866</b>
Attributable to equity holders of the parent		159,838	125,722	207,513	183,866
<b>Basic and diluted Earnings per share (EPS):</b>		<b>4.19</b>	<b>2.81</b>	<b>5.12</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	*31.12.2019	31.12.2018
		Unaudited	Audited
<b>Assets</b>			
Goodwill	10	65,402	0
Trademark	10	1,510,165	1,462,889
Other intangible assets	10	10,085	6,532
Deferred tax asset		2,185	0
<b>Total intangible assets</b>		<b>1,587,836</b>	<b>1,469,421</b>
Right of use asset	10.12	822,604	0
Fixtures and fittings, tools, office machinery and equipment	10	179,233	91,530
<b>Total tangible assets</b>		<b>1,001,838</b>	<b>91,530</b>
<b>Total fixed assets</b>		<b>2,589,674</b>	<b>1,560,951</b>
Inventories		484,988	253,157
Trade receivables	7	23,201	2,962
Other receivables	7	25,815	24,823
Derivatives	7	2,305	8,949
<b>Total receivables</b>		<b>51,320</b>	<b>36,733</b>
Cash and bank deposits	11	339,241	242,152
<b>Total currents assets</b>		<b>875,549</b>	<b>532,042</b>
<b>Total assets</b>		<b>3,465,223</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	*31.12.2019	31.12.2018
<b>Equity and liabilities</b>		Unaudited	Audited
Share capital		48,774	48,774
Share premium		321,049	321,049
Other paid-in-equity		64,617	64,617
<b>Total paid-in-equity</b>		<b>434,440</b>	<b>434,440</b>
Other equity		715,721	656,247
<b>Total equity</b>		<b>1,150,161</b>	<b>1,090,687</b>
Deferred tax		315,398	321,352
<b>Total provisions</b>		<b>315,398</b>	<b>321,352</b>
Lease liabilities	10.12	584,848	-
Liabilities to financial institutions	7	494,498	427,873
<b>Total long-term liabilities</b>		<b>1,079,346</b>	<b>427,873</b>
Lease liabilities	10.12	217,427	-
Liabilities to financial institutions	7	180,000	-
Trade payable	7	145,122	37,666
Tax payable		51,239	46,216
Public duties payable	7	154,233	111,812
Other short-term liabilities	7	160,511	57,388
Derivatives	7	11,787	-
<b>Total short-term liabilities</b>		<b>920,319</b>	<b>253,081</b>
<b>Total liabilities</b>		<b>2,315,063</b>	<b>1,002,306</b>
<b>Total equity and liabilities</b>		<b>3,465,223</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	168,723	168,723
Other comprehensive income	0	5,060	5,060
Dividend	0	-101,613	-101,613
<b>Balance at 31 Des 2018</b>	<b>434,440</b>	<b>656,247</b>	<b>1,090,687</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	207,950	207,950
Other comprehensive income	0	-18,076	-18,076
Dividend	0	-130,064	-130,064
<b>Balance at 31 Des 2019*</b>	<b>434,440</b>	<b>715,721</b>	<b>1,150,161</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	*Q4 2019 Unaudited	Q4 2018 Unaudited	*FY 2019 Unaudited	FY 2018 Audited
<b>Cash Flow from operation</b>					
Profit before income taxes		208,575	129,370	261,032	200,332
Taxes paid in the period		-7,485	-1,200	-49,702	-40,415
Depreciation & Impairment	10	80,615	9,256	265,152	37,123
Items classified as investments or financing		10,754	3,153	16,969	14,669
<b>Change in net working capital</b>					
Change in inventory		111,615	75,587	-94,124	48,839
Change in trade debtors		-1,836	701	-15,733	538
Change in trade creditors		-25,640	-4,310	65,636	-7,495
Change in other provisions**		72,615	44,189	74,322	11,625
<b>Net cash flow from operations</b>		<b>449,213</b>	<b>256,744</b>	<b>523,553</b>	<b>265,216</b>
<b>Cash flow from investment</b>					
Purchase of Hemtex AB, net of cash acquired		0	0	5,230	0
Purchase of fixed assets	10	-46,881	-13,402	-98,089	-37,293
<b>Net Cash flow from investments</b>		<b>-46,881</b>	<b>-13,402</b>	<b>-92,859</b>	<b>-37,293</b>
<b>Cash flow from financing</b>					
Proceeds from long term loans		0	0	674,375	0
Repayment of long term loans		0	-395	-627,775	-1,560
Repayment of short term loans		0	-50,000	0	0
Lease payments for principal portion of lease liability	12	-69,799	0	-223,335	0
Net change in bank overdrafts		0	0	0	0
Dividend payment		-48,774	-48,774	-130,064	-101,613
Proceeds from issuance of equity		0	0	0	0
Net interest	12	2,796	-2,823	-26,170	-12,640
<b>Net cash flow from financing</b>		<b>-115,777</b>	<b>-101,992</b>	<b>-332,969</b>	<b>-115,813</b>
Cash and cash equivalents at the beginning of the period		52,687	99,735	242,152	130,071
Net change in cash and cash equivalents		286,555	141,349	97,724	112,110
Exchange gains / (losses) on cash and cash equivalents		0	1,068	-634	-29
<b>Cash and cash equivalents at the end of the period***</b>		<b>339,242</b>	<b>242,152</b>	<b>339,242</b>	<b>242,152</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.

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

\*\*\* At 31 December 2018 and 2019, 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 for the full year of 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 its 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 lease 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 note 12.

## 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)

Intangible assets	7,865
Property, plant and equipment	38,467
Right of use asset	213,592
Trademark	49,300
Deferred tax assets	17,377
Other long term receivables	8,336
Inventories	137,707
Trade receivables	802
Cash and cash equivalents	41,896
Other short term receivables	24,979
Loans and borrowings *	-201,270
Deferred tax liabilities	-12,772
Lease Liability	-213,592
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>34,625</b>

\* In Q2, 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 assessment and could be subjects to change within 12 months.

### Acquisition related costs

The group incurred acquisition-related costs of NOK 8,809 thousand in legal fees and due diligence cost, of which NOK 2,100 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. Transaction cost is booked in Kid ASA.

### Integration costs

One-off costs related to the integration of Hemtex and Kid have been divided between the Kid Interiør AS and Hemtex AB on a transaction-by-transaction basis.

### Revenue and profit contribution

The acquired Hemtex business contributed revenues of NOK 735,869 thousand and net profit of NOK 44,023 thousand to the group for the period from 15. May to 31. December 2019. If the acquisition had occurred on 1 January 2019, consolidated pro-forma revenue and loss for the financial year 2019 would have been NOK 1,025,511 thousand and NOK 46,129 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 135 stores across EU, of which 119 were in Sweden, 11 in Finland and 5 in Estonia. Of the stores in EU, 123 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.

### Q4 2019

(Amounts in NOK thousand)	KID Interior	Hemtex	Eliminations and group adjustments	Total
Revenue	601,978	387,484		989,462
COGS	-233,434	-153,892	-7,184	-394,511
Gross profit	368,543	233,592	-7,184	594,951
Other operating revenue	7	67		74
Operating expense (OPEX)	-165,203	-130,682	-1,573	-297,458
EBITDA	203,347	102,976	-8,757	297,566
EBITDA ex. IFRS 16	166,231	70,293	-8,757	227,767
Operating profit	159,229	66,479	-8,757	216,951
Operating profit ex. IFRS 16	155,923	65,925	-8,757	213,090
Gross margin (%)	61.2 %	60.3 %	-	60.1 %
OPEX to sales margin (%)	27.4 %	33.7 %	-	30.1 %
EBITDA margin (%)	33.8 %	26.6 %	-	30.1 %
Inventory	304,830	175,554	4,604	484,988
Total assets	3,018,100	439,802	7,321	3,465,223

### Full Year 2019

(Amounts in NOK thousand)	KID Interior	Hemtex	Eliminations and group adjustments	Total
Revenue	1,606,316	735,864	-	2,342,180
COGS	-622,587	-290,485	-12,594	-925,666
Gross profit	983,729	445,379	-12,594	1,416,514
Other operating revenue	200	1,882		2,082
Operating expense (OPEX)	-552,236	-285,337	-14,074	-851,647
EBITDA	431,693	161,924	-26,668	566,949
EBITDA ex. IFRS 16	283,435	83,565	-26,668	340,332
Operating profit	259,490	69,153	-26,668	301,975
Operating profit ex. IFRS 16	244,413	72,045	-26,668	289,790
Gross margin (%)	61.2 %	60.5 %	-	60.5 %
OPEX to sales margin (%)	34.4 %	38.8 %	-	36.4 %
EBITDA margin (%)	26.9 %	21.9 %	-	24.2 %
Inventory	304,830	175,554	4,604	484,988
Total assets	3,018,100	439,802	7,321	3,465,223

## 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. During Q4 the group has entered into an interest swap agreement to fix the interest of NOK 395,000 million. There have been no other 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 December 2019 and 31 December 2018.

(Amounts in NOK thousand)	31 December 2019		31 December 2018	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial assets</b>				
Loans and receivables	-	-	-	-
Trade and other receivables excluding pre-payments	23,201	23,201	3,021	3,021
Cash and cash equivalents	339,241	339,241	242,152	242,152
<b>Total</b>	<b>362,442</b>	<b>362,442</b>	<b>245,173</b>	<b>245,173</b>
<b>Financial liabilities</b>				
Borrowings (excluding finance lease liabilities)	674,498	673,995	425,000	425,000
Finance lease liabilities	802,276	802,276	2,873	2,873
Trade and other payables excluding non-financial liabilities	299,355	299,355	147,765	147,765
<b>Total</b>	<b>1,776,128</b>	<b>1,775,626</b>	<b>575,638</b>	<b>575,638</b>
<b>Financial instruments measured at fair value through profit and loss</b>				
<b>Derivatives - asset</b>				
Foreign exchange forward contracts	2,305	2,305	8,949	8,949
<b>Total</b>	<b>2,305</b>	<b>2,305</b>	<b>8,949</b>	<b>8,949</b>
<b>Derivatives - liabilities</b>				
Foreign exchange forward contracts	11,787	11,787	-	-
<b>Total</b>	<b>11,787</b>	<b>11,787</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 thousand 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

	Q4 2019	Q4 2018	FY 2019	FY 2018
Weighted number of ordinary shares	40,645,162	40,645,162	40,645,162	40,645,162
Net profit or loss for the year	170,379	114,203	207,950	168,723
<b>Earnings per share (basic and diluted) (Expressed in NOK per share)</b>	<b>4.19</b>	<b>2.81</b>	<b>5.12</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 financial year 2019 and 2018:

Related Party Transactions	FY 2019	FY 2018
Vågsgaten Handel AS with subsidiaries (Store rental)	1,143	1,263
<b>Total</b>	<b>1,143</b>	<b>1,263</b>

The chairman of the board, Petter Schouw-Hansen, has been employed by Kid Interiør AS to perform integration work related to Hemtex AB. For the full year 2019 the payment of salary amounts to NOK 1,045 thousand and payment for travel amounts to NOK 78,2 thousand. 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 12)	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	5,420	723	1,280	493	1,655
Acquisition of Hemtex	213,592	38,467	49,300	7,923	63,746
Additions	144,776	95,957	-	2,349	-
Depreciation and amortisation	-215,884	-47,444	-	-3,984	-
<b>Balance 31.12.2019</b>	<b>822,604</b>	<b>179,233</b>	<b>1,510,165</b>	<b>10,085</b>	<b>65,402</b>

(Amounts in NOK thousand)	Right of use Asset	PPE	Trademark	Other Intangibles
<b>Balance 01.01.2018</b>	-	91,900	1,495,585	11,192
Additions	-	36,230	-	2,337
Depreciation and amortisation	-	-36,600	-	-3,693
<b>Balance 31.12.2018</b>	-	<b>91,530</b>	<b>1,495,585</b>	<b>9,835</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:

	31.12.2019	31.12.2018
Cash and cash equivalents as per the statement of financial position	339,241	242,152
Bank overdrafts included in short term liabilities to financial institutions	-	-
Balances per statement of cash flows	339,241	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)	Q4 2019 IFRS 16	IFRS 16 Effects	Q4 2019 IAS 17	Q4 2018 IAS 17	FY 2019 IFRS 16	IFRS 16 Effects	FY 2019 IAS 17	FY 2018 IAS 17
Revenue	989.5	0	989.5	542.2	2,342.2	0.0	2,342.2	1,466.7
COGS	-394.5	0.0	-394.5	-214.6	-925.7	0.0	-925.7	-573.2
<b>Gross profit</b>	<b>595.0</b>	<b>0.0</b>	<b>595.0</b>	<b>327.6</b>	<b>1,416.5</b>	<b>0.0</b>	<b>1,416.5</b>	<b>893.5</b>
Gross margin (%)	60.1 %		60.1 %	60.4 %	60.5 %		60.5 %	60.9 %
Other operating revenue	0.1	0.0	0.1	0.3	2.1	0.0	2.1	0.3
OPEX	-297.5	-69.8	-367.3	-186.6	-851.6	-226.6	-1,078.3	-643.6
<b>EBITDA</b>	<b>297.6</b>	<b>-69.8</b>	<b>227.8</b>	<b>141.3</b>	<b>566.9</b>	<b>-226.6</b>	<b>340.3</b>	<b>250.2</b>
EBITDA margin (%)	30.1 %		23.0 %	26.0 %	24.2 %		14.5 %	17.1 %
Depreciation and amortisation	-80.6	65.9	-14.7	-9.3	-265.0	214.4	-50.5	-37.1
<b>EBIT</b>	<b>217.0</b>	<b>-3.9</b>	<b>213.1</b>	<b>132.0</b>	<b>302.0</b>	<b>-12.2</b>	<b>289.8</b>	<b>213.1</b>
EBIT margin (%)	21.9 %		21.5 %	24.3 %	12.9 %		12.4 %	14.5 %
Net finance	-8.4	7.5	-0.8	-2.7	-40.9	29.7	-11.3	-12.8
<b>Profit before tax</b>	<b>208.6</b>	<b>3.7</b>	<b>212.3</b>	<b>129.4</b>	<b>261.0</b>	<b>17.5</b>	<b>278.5</b>	<b>200.3</b>
<b>Net profit</b>	<b>170.4</b>	<b>2.9</b>	<b>173.3</b>	<b>114.2</b>	<b>207.9</b>	<b>13.7</b>	<b>221.6</b>	<b>168.7</b>

**Balance Sheet**

	31.12.2019		31.12.2019	31.12.2018
(Amounts in MNOK)	IFRS 16	IFRS 16 effects	IAS17	IAS17
<b>Assets</b>				
Goodwill	65.4	0.0	0.0	0.0
Trademark	1,510.2	0.0	1,510.2	1,462.9
Other intangible assets	10.1	4.6	14.7	6.5
Deferred tax asset	2.2	-1.2	1.0	0.0
<b>Total intangible assets</b>	<b>1,587.8</b>	<b>3.4</b>	<b>1,525.9</b>	<b>1,469.4</b>
Right of use asset	822.6	-822.6	0.0	0.0
Fixtures and fittings, tools, office machinery and equipment	179.2	0.0	179.2	91.5
<b>Total tangible assets</b>	<b>1,001.8</b>	<b>-822.6</b>	<b>179.2</b>	<b>91.5</b>
<b>Total fixed assets</b>	<b>2,589.7</b>	<b>-819.2</b>	<b>1,705.1</b>	<b>1,561.0</b>
Inventories	485.0	0.0	485.0	253.2
Trade receivables	23.2	0.0	23.2	3.0
Other receivables	25.8	34.6	60.4	24.8
Derivatives	2.3	0.0	2.3	8.9
<b>Total receivables</b>	<b>51.3</b>	<b>34.6</b>	<b>85.9</b>	<b>36.7</b>
Cash and bank deposits	339.2	0.0	339.2	242.2
<b>Total currents assets</b>	<b>875.5</b>	<b>34.6</b>	<b>910.1</b>	<b>532.0</b>
<b>Total assets</b>	<b>3,465.2</b>	<b>-784.6</b>	<b>2,680.6</b>	<b>2,093.0</b>



## Balance Sheet

(Amounts in MNOK)	31.12.2019		31.12.2019		31.12.2018
	IFRS 16	IFRS 16 Effects	IAS17	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	-2.0	0.1	-1.9		0.0
Other equity	717.7	13.7	731.4		656.2
<b>Total equity</b>	<b>1,150.2</b>	<b>13.8</b>	<b>1,164.0</b>		<b>1,090.7</b>
Pension liabilities	0.0	0.0	0.0		0.0
Deferred tax	315.4	2.6	318.0		321.4
Other provisions	0.0	0.0	0.0		0.0
<b>Total provisions</b>	<b>315.4</b>	<b>2.6</b>	<b>318.0</b>		<b>321.4</b>
IFRS 16 Land and building	584.8	-584.8	0.0		0.0
Liabilities to financial institutions	494.5	1.3	495.8		427.9
Derivatives	0.0	0.0	0.0		0.0
<b>Total long-term liabilities</b>	<b>1,079.3</b>	<b>-583.6</b>	<b>495.8</b>		<b>427.9</b>
IFRS 16 Land and building	217.4	-217.4	0.0		0.0
Liabilities to financial institutions	180.0	0.0	180.0		0.0
Trade payable	145.1	0.0	145.1		37.7
Tax payable	51.2	0.0	51.2		46.2
Public duties payable	154.2	0.0	154.2		111.8
Dividends	0.0	0.0	0.0		0.0
Derivatives	11.8	0.0	11.8		0.0
Other short-term liabilities	160.5	0.0	160.5		57.4
<b>Total short-term liabilities</b>	<b>920.3</b>	<b>-217.4</b>	<b>702.9</b>		<b>253.1</b>
<b>Total liabilities</b>	<b>2,315.1</b>	<b>-798.4</b>	<b>1,516.7</b>		<b>1,002.3</b>
<b>Total equity and liabilities</b>	<b>3,465.2</b>	<b>-784.6</b>	<b>2,680.6</b>		<b>2,093.0</b>

## Cash Flow

(Amounts in MNOK)	Q4 2019	IFRS 16	Q4 2019	Q4 2018	FY 2019	IFRS 16	FY 2019	FY 2018
	IFRS 16	Effects	IAS 17	IAS 17	IFRS 16	Effects	IAS 17	IAS 17
Net cash flow from operations	449.2	62.3	387.0	256.7	523.6	245.1	278.5	265.2
Net Cash flow from investments	-46.9	0.0	-46.9	-13.4	-92.9	0.0	-92.9	-37.3
Net cash flow from financing	-115.8	-62.3	-53.5	-102.0	-333.0	-245.1	-87.9	-115.8
<b>Net change in cash and cash equivalents</b>	<b>286.6</b>	<b>0.0</b>	<b>286.6</b>	<b>141.3</b>	<b>97.7</b>	<b>0.0</b>	<b>97.7</b>	<b>112.1</b>
Cash and cash equivalents at the beginning of the period	52.7	0.0	52.7	99.7	242.2	0.0	242.2	130.1
Exchange gains / (losses) on cash and cash equivalents	0.0	0.0	0.0	1.1	-0.6	0.0	-0.6	0.0
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>339.2</b>	<b>0.0</b>	<b>339.2</b>	<b>242.2</b>	<b>339.2</b>	<b>0.0</b>	<b>339.2</b>	<b>242.2</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.