

Kid ASA

Interim report Q1 2020



Dear Shareholders

In the first quarter of 2020, we were off to a good start with increased sales and activity. In March, however, all markets were hit by the Covid-19 outbreak, although with varying effects with regards to sales drop and store closures. As the impact of the outbreak situation has gradually normalised, we can conclude that the Kid and Hemtex organisations have safely navigated through troubled water, with double digit like-for-like sales development in April, and all stores in Norway, Sweden and Finland open after Easter.

These are the key takeaways from the first quarter:

- The Covid-19 outbreak occurred during the first quarter, our least significant quarter in terms of revenues and earnings. All markets had a positive development ahead of the pandemic outbreak, but sales dropped immediately on 11 March. Revenues, however, started to increase again towards the end of the first quarter and this has continued throughout April. After the recent reopening of our five Estonian stores in May, all our stores in all markets are now open.
- Following the pandemic outbreak, our key focus in Q1 was safeguarding the health of our employees and customers, whilst securing stable and predictable operational continuity. By taking prompt measures such as temporary staff layoffs, postponed investment decisions, postponed instalment and reduced dividend, we have maintained a strong financial position. Furthermore, we are working closely with our suppliers in order to secure deliveries, and we expect only minor delays during 2020.
- We have increased storage capacity in Kid Interior with a buffer storage facility in Drammen to enable continued growth and ensure more effective logistics during the high seasons of summer and autumn. Furthermore, the ongoing assembly of the Autostore unit in the central warehouse in Norway will further improve delivery efficiency from Q3 for both online customers and physical stores. In Sweden, the transition to a new third party logistics partner was completed according to plan without negative effects on operations.
- The integration of Hemtex continued according to plan, including three store refurbishments. Stores with our new and common store concept show higher sales growth compared to other stores. Also, the Dekosol program (technical sun screening) was successfully launched as a new category by Hemtex in the end of March.
- Online sales in both Kid and Hemtex accelerated during the quarter, especially after the pandemic outbreak. Despite significantly increased activity, we managed to maintain short delivery times and quality customer service.



As we are gradually facing some sort of normality, I would like to take the opportunity to thank all of my co-workers in Kid and Hemtex for their extraordinary efforts and contributions over the last few months. In order to proactively secure the health and interests of our employees, customers and shareholders, we have been compelled to take tough decisions. Notwithstanding this, the dedication and resolve demonstrated by our team has been second to none.

Going forward, we see continued demand for home and interior products following the Covid-19 outbreak and authorities' social distancing and travelling guidelines. Combined with a fresh and attractive summer and autumn assortment, the Kid Group should have a solid basis for continued growth for the remainder of 2020.

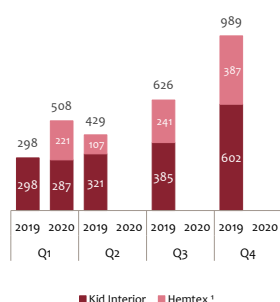
Yours sincerely,

First quarter in brief

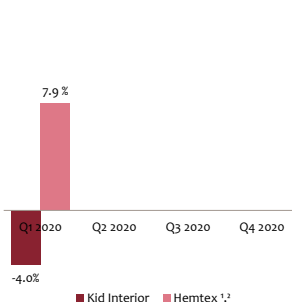
- ✓ Proforma Group revenues increased by 0.7% and like-for-like growth was 0.9%. Revenues were negatively impacted by the outbreak of COVID-19.
- ✓ Gross margin decreased by 0.4 pp due to favourable FX position last year.
- ✓ Stringent cost control.
- ✓ Adjusted EBITDA exclusive of IFRS16 effects reduced by MNOK 22.7 compared to Q1 2019 due to the pandemic-related revenue drop in March and the inclusion of Hemtex.
- ✓ LTM gearing ratio excluding IFRS16 effects was 1.7 at the end of the quarter.



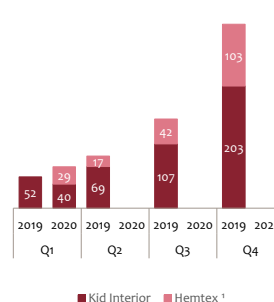
Revenue, MNOK



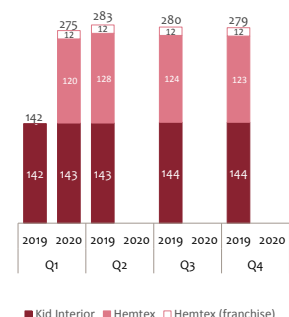
Like-for-like growth (%)



Segmental EBITDA, MNOK



No. of physical stores (period end)



■ Kid Interior ■ Hemtex¹

■ Kid Interior ■ Hemtex^{1,2}

■ Kid Interior ■ Hemtex¹

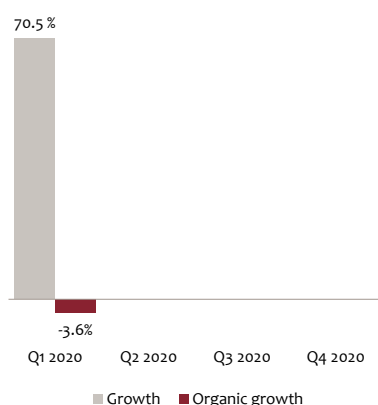
■ Kid Interior ■ Hemtex ■ Hemtex (franchise)

¹ Hemtex AB figures are included in the group accounts from 15 May 2019 ² Calculated in constant currency. See definition page 20.

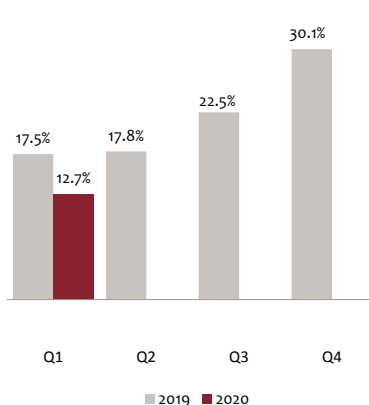
Alternative Performance Measures

(Amounts in NOK million)	Q1 2020	Q1 2019	FY 2019
Revenue	508.0	298.0	2,342.2
Like-for-like growth including online sales ¹	0.9 %	5.1 %	6.8 %
COGS	-202.7	-117.7	-925.7
Gross profit	305.3	180.3	1,416.5
Gross margin (%)	60.1%	60.5%	60.5%
Other operating income	0.3	0.0	2.1
Employee benefits expense	-141.7	-82.7	-503.5
Other operating expense	-172.8	-82.6	-574.8
Other operating expense - IFRS 16 effect	72.4	37.0	226.6
OPEX	-242.2	-128.3	-851.6
Integration costs	1.2	0.0	14.1
Opex excluding integration costs	-241.0	-128.3	-837.6
Adj. EBITDA	64.7	52.0	581.0
Adj. EBITDA margin (%)	12.7%	17.5%	24.8%
Depreciation	-15.0	-9.7	-50.5
Depreciation - IFRS 16 effect	-68.6	-33.0	-214.4
Adj. EBIT	-18.9	9.4	316.0
Adj. EBIT margin (%)	-3.7%	3.1%	13.5%
Net financial income (expense)	14.6	-2.9	-11.3
Net financial expense - IFRS 16 effect	-7.7	-7.1	-29.7
Adj. Profit before tax	-11.9	-0.6	275.1
Adj. Net income	-9.4	-0.5	220.4
Adjusted earnings per share	-0.23	-0.01	5.42
Liabilities to financial institutions	-619.2	-425.0	-674.5
Lease liabilities - IFRS 16 effect	-824.6	-656.8	-802.3
Cash	70.0	141.9	339.2
Net interest bearing debt	-1,373.8	-939.8	-1,137.5

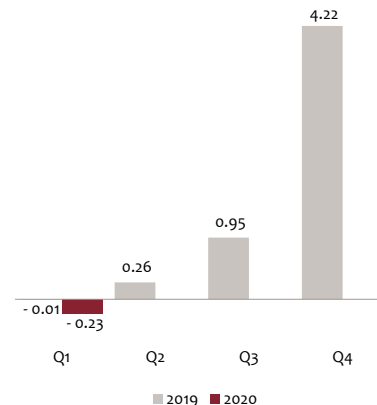
Revenue growth (%) ²



Adj. EBITDA margin (%) ² | ³



Adj. EPS (NOK) ² | ⁴



¹ Based on Hemtex Q1 2019 revenues of MNOK 206.2 according to Hemtex management accounts and calculated in constant currency

² Hemtex AB figures are included in the group accounts from 15 May 2019

³ Adjusted for transaction costs and integration costs. See page 6 for details on adjustments

⁴ Adjusted for transaction costs, integration costs and tax. See page 6 for details on adjustments

Financial review for the Kid Group

Except for the revenue impacts described below, there are no other financial impacts booked in the Q1 accounts related to the COVID-19 outbreak. The previous announced notice of temporarily layoffs in Kid Interior had only minor effect in Q1. Remaining effects will materialize in the Q2 accounts together with other and similar actions implemented in Hemtex.

Revenues

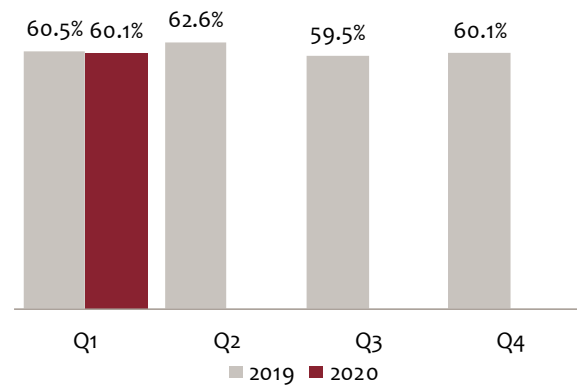
Proforma Group revenues increased by 0.7% to MNOK 508.0. Pro forma Q1 2019 revenues of MNOK 504.3 includes Hemtex revenues of MNOK 206.2. Proforma group revenues on a like-for-like basis were up by 0.9%.

Revenues had a positive development until the COVID-19 outbreak after which revenues were instantly down in all our markets. However, after the first days of initial sales drop, demand gradually improved in Norway and subsequently also in Sweden. Only a few stores were temporarily closed in Norway and no stores were closed in Sweden.

The situation in Finland has been challenging. No stores have been closed, but customer visits and revenues have been significantly reduced. In Estonia, all stores have been closed following governmental regulations, but are now reopened. Finland and Estonia accounted for less than 5% of Group revenues in the quarter and in 2019.

Gross margin was 60.1% which is a reduction of 0.4 pp. First quarter last year was positively influenced by favourable FX rates compared to the first quarter of this year.

Gross margin:

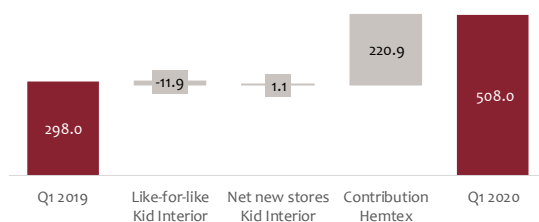


Employee benefits expenses increased by MNOK 59 to MNOK 141.7, mainly due to the Hemtex acquisition. Employee benefits expenses are further described in the respective Segment sections.

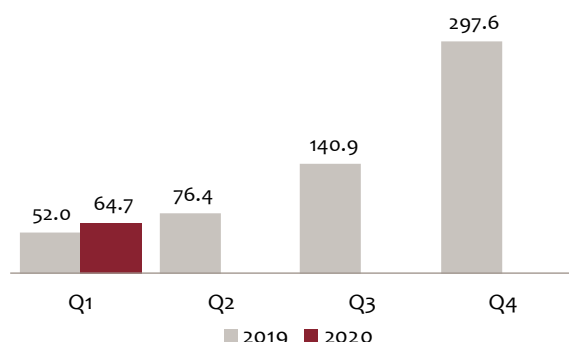
Operating expenses

Excluding IFRS16, Operating Expenses increased by MNOK 54.8 to MNOK 100.4 caused by the Hemtex acquisition. Operating expenses are in line with expectations, and are further described in the Segment sections.

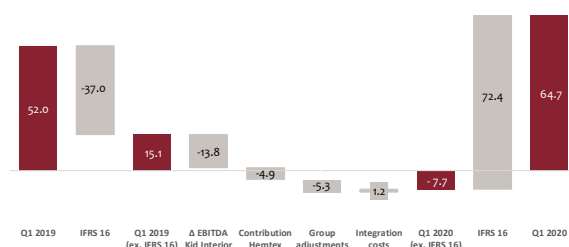
Q1 2019 vs Q1 2020 revenue bridge, MNOK



Adjusted EBITDA increased from MNOK 52.0 to MNOK 64.7. Adjusted EBITDA includes an add-back of MNOK 1.2 in integration costs.



Exclusive of IFRS16 effects, EBITDA was negative with MNOK -7.7 compared to a positive EBITDA of MNOK 15.0 last year. The reduction of MNOK -22.7 is caused by the acquisition of Hemtex, accounting for a reduction of MNOK -4.9, and Kid Interior reduction of MNOK -13.8. The main reason for reduced Kid Interior EBITDA is the sales drop in March following the COVID-19 outbreak.



Net financial income of MNOK 14.7 mainly consists of an unrealised FX gain from intercompany loans of MNOK 19 and financial expenses related to external borrowings of MNOK 4.5.

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

Adjustments overview (MNOK)	Q1 2020	Q1 2019	FY 2020	FY 2019
Transaction cost related to Hemtex acquisition ¹				8.8
Integration cost related to Hemtex acquisition	1.2		1.2	5.3
EBITDA and EBIT adjustments	1.2		1.2	14.1
Profit adjustments before tax	1.2		1.2	14.1
Tax effects on adjustments (22%)	-0.3		-0.3	-1.6
Net income adjustments	0.9		0.9	12.4

¹ For FY 2019 MNOK 6.7 of total MNOK 8.8 in transaction cost were not tax deductible

Liquidity and borrowings

Excluding IFRS16 leasing liabilities, net interest-bearing debt was MNOK 549.2 at the end of the quarter, equal to a 1.7 times LTM EBITDA.

The Group has cash and available credit facilities of MNOK 397 as further detailed in Note 6.

Segments: Key figures

KID Interior

(Amounts in NOK millions)	Q1 2020	Q1 2019	FY 2019
Revenue	287.1	298.0	1,606.3
Revenue growth	-3.6%	8.4 %	9.5 %
LFL growth including online sales	-4.0%	5.1 %	6.8 %
COGS	-117.7	-117.7	-622.6
Gross profit	169.5	180.3	983.7
Gross margin (%)	59.0 %	60.5 %	61.2 %
Other operating revenue	0.1	0.0	0.2
Employee benefits expense	-82.8	-82.7	-349.1
Other operating expense	-85.5	-82.6	-351.4
Other operating expense - IFRS 16 effect	38.7	37.0	148.3
EBITDA	40.0	52.0	431.7
EBITDA margin (%)	13.9 %	17.5 %	26.9 %
No. of shopping days	77	76	303
No. of physical stores at period end	143	142	144

Hemtex

(Amounts in NOK millions)	Q1 2020	Q1 2019 ¹	FY 2019 ¹
Revenue	220.9	-	735.9
Revenue growth ²	6.6 %	-	13.1 %
LFL growth including online sales ²	7.9 %	-	12.5 %
COGS	-81.0	-	-290.5
Gross profit	139.9	-	445.4
Gross margin (%)	63.4 %	-	60.5 %
Other operating revenue	0.2	-	1.9
Employee benefits expense	-58.1	-	-154.4
Other operating expense	-87.0	-	-209.3
Other operating expense - IFRS 16 effect	33.7	-	78.4
EBITDA	28.8	-	161.9
EBITDA margin (%)	13.0 %	-	21.9 %
No. of shopping days	91	-	91
No. of physical stores at period end (excl. franchise)	120	-	123

¹ Hemtex AB figures are included in the group accounts from 15 May 2019

² Calculated in constant currency. See definition page 20. FY 2019 is for the period 15 May until the end of FY19.

Segment: Kid Interior

Revenues in Kid Interior decreased by -3.6% to MNOK 287.1.

Until the outbreak, like-for-like revenues were up by +2.5% in Kid Interior. Following the World Health Organization's declaration of the COVID-19 outbreak as a pandemic on 11 March and the subsequent actions taken by governments, sales dropped instantly and were down by -23.9% for the remainder of the quarter. Loss of revenues from physical stores have been partly offset by increased online sales of +31.7% during the quarter.

Gross profit was reduced by MNOK 10.8 compared to last year. MNOK 6.5 was due to reduced revenues following the COVID-19 situation and the remaining MNOK 4.3 was caused by reduced gross margin mainly due to a weakened NOK versus USD. The gross margin last year was positively affected by a favourable FX rate position.

Employee expenses increased by 0.2% to MNOK 82.8:

- 0.0 percentage points due to net new stores
- -5.3 percentage points reduction due to a combination of decreased provision for store, HQ and management bonus and an additional MNOK 3.3 in reversed bonus accrual for 2019
- +3.7 percentage points due to general salary inflation and increased staffing level in LFL stores
- +1,7 percentage points due to general salary inflation and increased staffing level at HQ

Other operating expenses excluding IFRS16, increased by 3.6% to MNOK 85.5:

- +3.5 percentage points related to an increase in marketing costs. Marketing costs in percentage of sales are expected to remain at the same level as last year for FY2020.

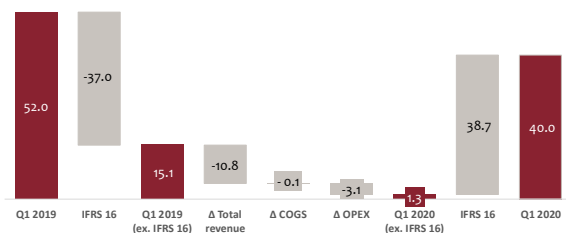
- 0.7 percentage points related to retail space and cost for LFL stores
- -0.6 percentage points related to retail space and cost for net new stores

The drop in revenue occurred instantly late March. Hence, even with actions taken immediately as described in our Revenue and Business Update dated 7 April, with minor exceptions no cost effects will materialize before April.

Following the integration of Hemtex, certain group costs and capital expenditures have been booked in Kid Interior. Such costs will during 2020 be further assessed and allocated to the respective segments in which they belong, based on common accepted methodology.

EBITDA decreased by MNOK 12.0 mainly due to a lower Gross Profit as described above.

Q1 2019 vs. Q1 2020 EBITDA bridge, MNOK



Capital Expenditures during Q1 amounted to MNOK 6.0.

During the first quarter, no new stores were opened, and one store was closed at Hillevåg. Two stores were refurbished in Årnes and Hamar. The total number of physical stores at the end of the quarter was 143 compared to 142 first quarter last year.

Segment: Hemtex

Revenues in Hemtex increased by 6.6% (pro forma) to MNOK 220.9.

Until the COVID-19 outbreak, like-for-like revenues were up by +18.3% in Hemtex. Following the World Health Organization's declaration of the COVID-19 outbreak as a pandemic on 11 March and the subsequent actions taken by governments, sales dropped instantly and were down by -22.8% for the remainder of the quarter. Loss of revenues from physical stores have been partly offset by increased online sales of +38.0% during the quarter.

Gross margin increased compared to 2019 due to reduced rebate levels during January sales and a one-off effect of freight costs adjustments of MNOK 4. Actual freight costs were lower than calculated due to changes in sourcing.

Gross margin for the Hemtex segment is based on FX derivatives entered into before the acquisition in May 2019. Reference is made to the Q3-2019 report for further details.

Employee benefit costs was MNOK 58.1 and reflects a reduction of employees at Hemtex HQ.

Operating expenses includes relocation cost to a new third party logistics provider in Sweden of MNOK 2.6 and use of external temporary consultants and personnel at a total cost of MNOK 1.8.

EBITDA was MNOK 28.8.

Following the integration of Hemtex, certain group costs and capital expenditures have been booked in Kid Interior. Such costs will during 2020 be further assessed and allocated to the respective segments in which they belong, based on common accepted methodology.

Capital Expenditures during Q1 amounted to NOK 1.8 million.

During the first quarter, three stores in Sweden were closed (Kristianstad, Eskilstuna and Bålsta). Three stores in Sweden were refurbished with the Kid concept (Norrköping Ingelsta, Örebro Krämarens and Upplands Väsby). The total number of physical stores including franchise stores at the end of the quarter was 132 compared to 141 last year.

Events after the end of the reporting period

Revenues per April

As described above, the COVID-19 outbreak has affected revenues in all markets. However, the situation significantly improved during April.

Group revenues increased by 9.3% in April compared to last year. Like-for-like growth was 10.5%. In the first four months of 2020, total revenues were up by 2.7% and like-for-like growth was 3.2%.

Revenues in Kid Interior increased by 16.0% and like-for-like growth was 15.2% in April. In the first four months of 2020, total revenues were up by 1.1% and like-for-like growth was 0.6%.

Revenues in Hemtex decreased by -0.2% and like-for-like growth was 2.0% in April. In the first four months of 2020, total revenues were up by 5.1% and like-for-like growth was 6.6%.

Dividend

The Board of Directors proposes a half-year dividend of NOK 1.20 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 44% of the Group 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 current dividend policy and also in light of the third quarter 2020 results.

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

Lier, 19th May 2020

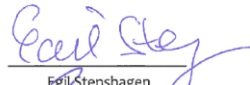
The board of Kid ASA



Petter Schouw-Hansen



Karin Bing Orgland



Egil Stenshagen



Vilde Falck-Ytter



Rune Marsdal

Kid ASA - Group figures Q1 2020

Financial statements

Interim consolidated statement of profit and loss

(Amounts in NOK thousand)	Note	Q1 2020 Unaudited	Q1 2019 ¹ Unaudited	FY 2019 ¹ Audited
Revenue		508,034	298,009	2,342,180
Other operating revenue		326	40	2,082
Total revenue		508,360	298,048	2,344,263
Cost of goods sold		-202,726	-117,739	-925,666
Employee benefits expense		-141,743	-82,685	-503,494
Depreciation and amortisation expenses	9	-83,520	-42,677	-264,974
Other operating expenses		-100,409	-45,576	-348,153
Total operating expenses		-528,398	-288,676	-2,042,288
Operating profit		-20,039	9,372	301,975
Financial income		20,697	575	9,510
Financial expense		-13,771	-10,543	-50,453
Net financial income (+) / expense (-)		6,926	-9,968	-40,943
Profit before tax		-13,112	-596	261,032
Income tax expense		2,794	131	-53,082
Net profit (loss) for the period		-10,319	-465	207,950
Interim condensed consolidated statement of comprehensive income				
Profit for the period		-10,319	-465	207,950
Other comprehensive income		-4,140	1,027	-134
Tax on comprehensive income		929	-226	-303
Total comprehensive income for the period		-13,529	336	207,513
Attributable to equity holders of the parent		-13,529	336	207,513
Basic and diluted Earnings per share (EPS):		-0.25	-0.01	5.12

¹ Hemtex AB figures are included in the group accounts from 15 May 2019.

Interim consolidated statement of financial position

(Amounts in NOK thousand)	Note	31.03.2020	31.03.2019 ¹	31.12.2019 ¹
Assets		Unaudited	Unaudited	Audited
Goodwill	9	72,079	0	65,402
Trademark	9	1,515,330	1,459,585	1,510,165
Other intangible assets	9	10,023	2,712	10,085
Deferred tax asset		26,274	0	2,185
Total intangible assets		1,623,705	1,462,297	1,587,836
Right of use asset	9	842,394	667,245	822,604
Fixtures and fittings, tools, office machinery and equipment	9	178,065	95,089	179,233
Total tangible assets		1,020,460	762,334	1,001,838
Total fixed assets		2,644,165	2,224,631	2,589,674
Inventories		567,516	283,340	484,988
Trade receivables		6,035	3,773	23,201
Other receivables		13,390	12,675	25,815
Derivatives		20,651	1,689	2,305
Total receivables		40,076	18,137	51,320
Cash and bank deposits		69,965	141,932	339,241
Total currents assets		677,558	443,409	875,549
Total assets		3,321,723	2,668,040	3,465,223

¹ Hemtex AB figures are included in the group accounts from 15 May 2019.

Interim consolidated statement of financial position

(Amounts in NOK thousand)	Note	31.03.2020	31.03.2019 ¹	31.12.2019 ¹
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
Total paid-in-equity		434,440	434,440	434,440
Other equity		723,481	650,426	715,721
Total equity		1,157,921	1,084,866	1,150,161
Deferred tax		323,917	319,711	315,398
Total provisions		323,917	319,711	315,398
Lease liabilities		596,210	537,337	584,848
Liabilities to financial institutions	6	511,152	425,000	494,498
Total long-term liabilities		1,107,362	962,337	1,079,346
Lease liabilities		228,384	119,429	217,427
Liabilities to financial institutions	6	108,000	-	180,000
Trade payable		107,034	48,226	145,122
Tax payable		29,092	7,485	51,239
Public duties payable		79,215	66,176	154,233
Other short-term liabilities		147,182	59,811	160,511
Derivatives		33,616	-	11,787
Total short-term liabilities		732,524	301,127	920,319
Total liabilities		2,163,802	1,583,174	2,315,063
Total equity and liabilities		3,321,723	2,668,040	3,465,223

¹ Hemtex AB figures are included in the group accounts from 15 May 2019.

Interim consolidated statement of changes in equity

(Amounts in NOK thousand)	Total paid-in equity	Other equity	Total equity
Balance at 1 Jan 2019	434,440	656,247	1,090,687
Profit for the period YTD 2019	0	-465	-465
Other comprehensive income	0	801	801
Cash Flow Hedges	0	-6,157	-6,157
Balance at 31 Mar 2019	434,440	650,426	1,084,866
Balance at 1 Jan 2020 ¹	434,440	715,721	1,150,161
PPA adjustment	0	7,171	7,171
Adjusted Balance at 1 Jan 2020 ²	434,440	722,892	1,157,332
Profit for the period YTD 2020	0	-10,319	-10,319
Other comprehensive income	0	-3,211	-3,211
Cash Flow Hedges	0	-5,441	-5,441
Translation differences	0	19,559	19,559
Balance at 31 Mar 2020 ¹	434,440	723,481	1,157,921

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

¹ Hemtex AB figures are included in the group accounts from 15 May 2019.

² PPA adjustment of deferred tax in Q1 2020

Interim consolidated statement of cash flows

(Amounts in NOK thousand)	Note	Q1 2020 Unaudited	Q1 2019 ¹ Unaudited	FY 2019 ¹ Audited
Cash Flow from operation				
Profit before income taxes		-13,113	-596	261,032
Taxes paid in the period		-22,103	-38,731	-49,702
Depreciation & Impairment	9	83,520	42,677	265,152
Effect of exchange fluctuations		-21,163	0	0
Change in net working capital				
Change in inventory		-66,054	-19,742	-77,155
Change in trade debtors		18,197	-811	-15,733
Change in trade creditors		-47,057	10,560	65,636
Change in other provisions ²		-107,457	-40,004	74,322
Net cash flow from operations		-175,230	-46,648	523,553
Cash flow from investment				
Purchase of Hemtex AB, net of cash acquired		0	0	5,230
Purchase of fixed assets	9	-8,258	-12,671	-98,089
Net Cash flow from investments		-8,258	-12,671	-92,859
Cash flow from financing				
Proceeds from long term loans		25,000	0	674,375
Repayment of revolving credit facility		-80,000	-397	-627,775
Lease payments for principal portion of lease liability		-50,143	-29,875	-223,335
Dividend payment		0	0	-130,064
Net interest		6,128	-10,195	-26,170
Net cash flow from financing		-99,015	-40,467	-332,969
Cash and cash equivalents at the beginning of the period		339,246	242,152	242,152
Net change in cash and cash equivalents		-282,503	-99,785	97,724
Exchange gains / (losses) on cash and cash equivalents		13,223	-435	-634
Cash and cash equivalents at the end of the period		69,966	141,932	339,242

¹ Hemtex AB figures are included in the group accounts from 15 May 2019.

² Change in other provisions includes other receivables, public duties payable and short-term liabilities

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 interim financial statements for the first quarter of 2020 have been prepared in accordance with IAS 34, 'Interim financial reporting'. The interim financial statements should be read in conjunction with the consolidated financial statements for the year ended 31 December 2019, 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 consolidated interim financial statements are consistent with those applied in the preparation of the annual IFRS financial statements for the year ended 31 December 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.

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 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 2019.

Note 5 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 a few stores in Estonia and Finland.

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

Group adjustments include integration costs.

Q1 2020

(Amounts in NOK thousand)	KID Interior	Hemtex	Group adjustments	Total
Revenue	287,145	220,889		508,034
COGS	-117,656	-80,951	-4,118	-202,726
Gross profit	169,488	139,937	-4,118	305,307
Other operating revenue	115	212		326
Operating expense (OPEX)	-129,613	-111,355	-1,184	-242,152
EBITDA	39,990	28,794	-5,303	63,481
Operating profit	-4,306	-10,430	-5,303	-20,039
Gross margin (%)	59.0 %	63.4 %	-	60.1 %
OPEX to sales margin (%)	45.1 %	50.4 %	-	47.7 %
EBITDA margin (%)	13.9 %	13.0 %	-	12.5 %
Inventory	339,582	227,230	704	567,516
Total assets	2,868,726	448,362	4,635	3,321,723

Note 6 Loans and borrowings

Financing agreements

In Q2 2019 Kid ASA secured a NOK 922,000 thousand financing structure with Nordea Bank for the combined Kid and Hemtex group. In Q1 2020 the group obtained an additional NOK 25,000 thousand facility (TL C). At the balance sheet date, the Group has the following borrowing facilities:

(Amounts in NOK thousand)	Utilised 31.03.2020	Total Facility	Interest	Maturity	Repayment
TL A	150,000	150,000	3 months Nibor + 1.30%	3 years	Installments ¹
TL B	395,000	395,000	Fixed rate at 1,876% + 1.10%	3 years	At maturity
TL C	25,000	25,000	3 months Nibor + 1.30%	3 years	Installments ²
Revolving credit facility	50,000	130,000	3 months Nibor + 1.10%	2 years	At maturity
Overdraft	-	247,000	1 week IBOR + 1.10%	12 months	At maturity
	670,902	947,000			

¹ NOK 50,000 thousand annually in semiannual installments

² NOK 8,333 thousand annually in annual installments

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 7 Earnings per share

	Q1 2020	Q1 2019	FY 2019
Weighted number of ordinary shares	40,645,162	40,645,162	40,645,162
Net profit or loss for the year	-10,319	-465	207,950
Earnings per share (basic and diluted) (Expressed in NOK per share)	-0.25	-0.01	5.12

Note 8 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 first quarter of 2020 and 2019:

Related Party Transactions	Q1 2020	Q1 2019
Vågsgaten Handel AS with subsidiaries (Store rental)	277	235
Management for Hire	375	0
Total	652	235

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 first quarter of 2020 the payment of salary amounts to NOK 375 thousand. The work is approved by the board as per Kid corporate governance policies.

Note 9 Fixed assets and intangible assets

(amounts in NOK thousand)	Right of use Asset	PPE	Trademark	Other Intangibles	Goodwill
Balance 31.12.2019	822,604	179,233	1,510,165	10,085	65,402
Exchange differences	22,990	4,958	5,164	671	6,677
Additions	67,481	7,853	-	424	-
Depreciation and amortisation	-70,681	-13,984	-	-1,156	-
Balance 31.03.2020	842,394	178,060	1,515,329	10,024	72,079

(amounts in NOK thousand)	Right of use Asset	PPE	Trademark	Other Intangibles
Balance 31.12.2018	-	91,530	1,459,585	9,835
IFRS 16 transition effects (see note 12)	674,700	-	-	-6,532
Balance 01.01.2019	674,700	91,530	1,459,585	3,303
Additions	25,500	12,700	-	-
Depreciation and amortisation	-33,500	-9,100	-	-600
Balance 31.03.2019¹	666,700	95,130	1,459,585	2,703

Definitions

- **Like-for-like** revenue are revenue from stores that were in operation from the start of last fiscal year all through the end of the current reporting period.
- **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.