

Kid ASA

20 August 2020

Q2 2020

Presentation available
at investor.kid.no

Kid ASA

Financial second quarter in brief

- Proforma Group revenues¹ increased by 22.7% and LFL growth was 23.6%
 - Kid Interior revenue growth of 28% (LFL growth of 27.1%)
 - Hemtex revenue¹ growth of 14.7% (LFL growth of 18.0%)
- Gross margin decreased by 0.7 pp due to more favourable FX position last year
- Reduced operating costs during COVID-19 outbreak partly offset by bonus provisions due to strong financial performance
- Adjusted EBITDA exclusive of IFRS16 effects increased by MNOK 69.9 compared to Q2 2019 due to increased sales, the inclusion of Hemtex and cost savings
- Postponed store investments because of COVID-19
- LTM gearing ratio excluding IFRS16 effects was 1.1 at the end of the quarter



Operational focus in Q2

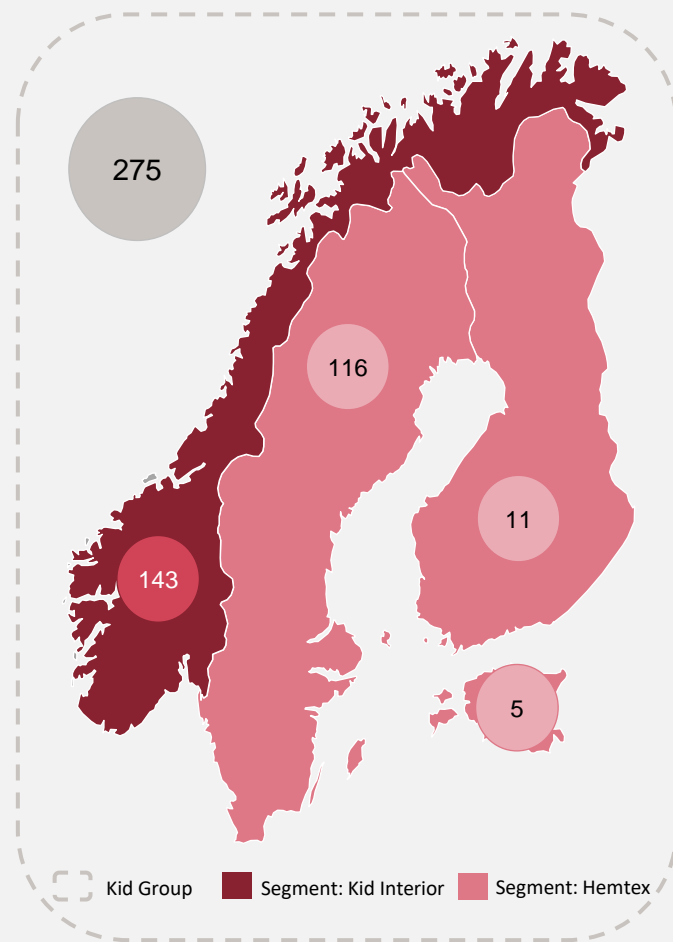
- Challenging Covid-19 situation with lay-offs, temporary store closures and volatile demand
- Launched new outdoor product range with furniture, plant pots, etc. Potential for further product and assortment development
- Strong sales of technical sun screening as a new category in Hemtex after launching late March
- Autostore successfully installed and operational at the Norwegian central warehouse in Lier
- Launched Petra duvets and pillows made of 100% recycled polyester
- Purchased climate quotas to compensate for direct climate emissions in the Norwegian operation



Pan-Nordic presence

Store information Q2

- Kid Interior (143 stores):
 - Refurbishments: Gulskogen and Vågsbygd
 - No opened or closed stores in Q2
- Hemtex (132 stores, incl. 12 franchise stores):
 - No changes in store portfolio in Q2
- No stores currently closed due to COVID-19

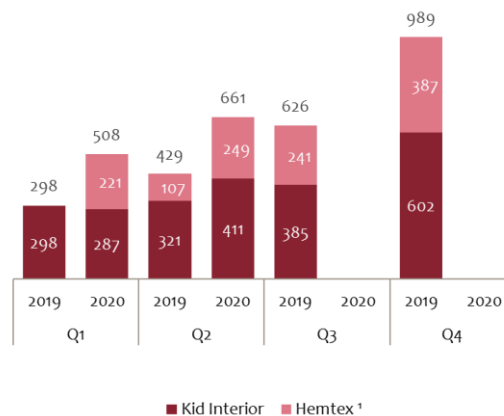


Revenues and market share

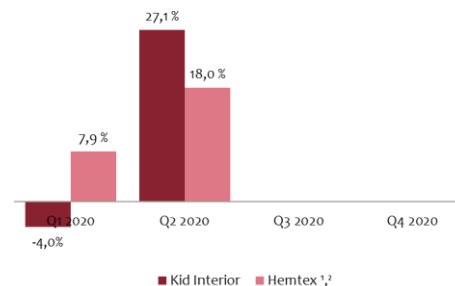
Group revenues increased by 22.7%¹

- Group like-for-like of 23.6%¹ including online sales
- Kid Interior revenue growth of 28.0% (14.2%)
 - Like-for-like growth of 27.1% (11.0%) including online sales
- Online sales growth of 67.7 % (37.1%) to MNOK 31.1 (MNOK 18.5)
- The index for sale of home textiles in specialised stores in Norway increased by 5.3%
- Hemtex revenue growth of 14.7%¹
 - Like-for-like growth of 18.0%¹ including online sales
 - Online sales growth of 103.0%
 - The index for sale of home textiles in specialised stores in Sweden increased by 10.0%

Revenue (MNOK)



Like-for-like growth (%)

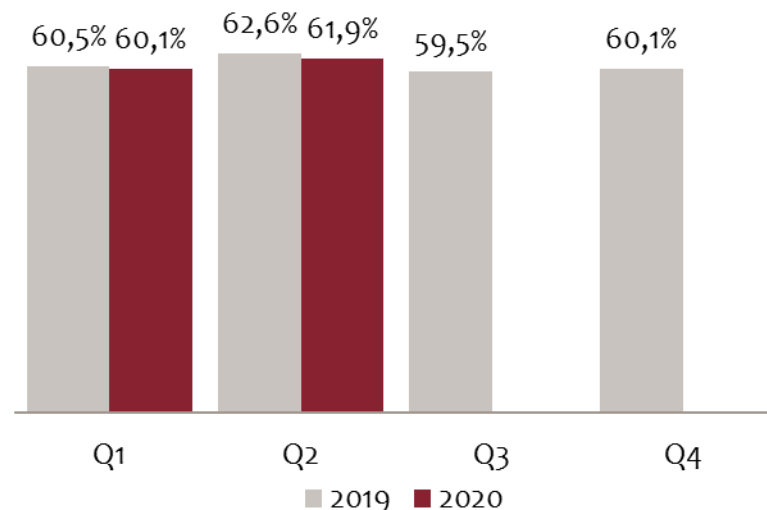


Gross margin

Group gross margin of 61.9% in Q2

- Gross margin was 61.9 % for the quarter, down by 0.7 pp. Second quarter last year was positively influenced by favorable FX-rates
- Kid Interior gross margin was reduced by 0.8 pp from 62.4% to 61.6%. The reduction was caused by a more favorable USDNOK position last year and an earlier start of the mid-season sale
- Hemtex gross margin was reduced by 1.6 pp from 64.2% to 62.6%. The reduction was caused by increased rebated volumes during mid-season sale and a less favorable FX-position

Group gross margins in 2019 and 2020¹

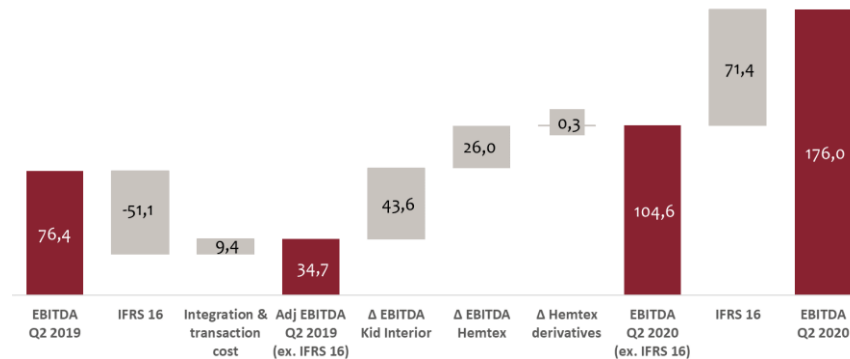


EBITDA

Adjusted EBITDA of 176.0 (85.8) in Q2

- Adjusted EBITDA excl. IFRS16 of MNOK 104.6 (34.7) for Q2
- Kid Interior EBITDA excl. IFRS16 of MNOK 76.1 (32.6)
 - Increased EBITDA mainly due to increased revenues
 - Estimated COVID-19 cost saving effects during the quarter of MNOK 12.0
 - Bonus provisions of MNOK 18.1 due to high financial performance
 - Increased HQ cost of MNOK 4.0
- Hemtex EBITDA excl. IFRS16 of MNOK 29.2 (MNOK 3.1)
 - Increased EBITDA due to increased revenues from higher volumes, but also from cost savings following integration synergies with Kid Interior
 - Less staff cost and less operating expenses due to closed stores of MNOK 8.0²
 - Estimated COVID-19 cost saving effects during the quarter of MNOK 11.5
- EBITDA was adjusted for transaction cost of MNOK 9.4 in Q2 2019¹.
No adjustments have been made in Q2 2020

Adjusted¹ EBITDA Q2 2020 versus Q2 2019



Cash flow

(Amounts in NOK million)	Q2 2020	Q2 2019 ¹	H1 2020	H1 2019 ¹	FY 2019 ¹
Net cash flow from operations	256,1	30,2	80,9	-16,5	523,6
Net Cash flow from investments	-16,8	-14,2	-25,0	-26,9	-92,9
Net cash flow from financing	-128,1	-96,7	-227,1	-137,2	-333,0
Net change in cash and cash equivalents	111,2	-80,7	-171,3	-180,5	97,7
Cash and cash equivalents at the beginning of the period	70,0	141,9	339,2	242,2	242,2
Exchange gains / (losses) on cash and cash equivalents	-4,3	-0,2	8,9	-0,7	-0,6
Cash and cash equivalents at the end of the period	176,8	61,0	176,8	61,0	339,2

Working Capital

(Amounts in NOK million)	Q2 2020	Q2 2019 ¹	H1 2020	H1 2019 ¹	FY 2019 ¹
Change in inventory	95,5	-23,3	29,5	-43,0	-77,2
Change in trade debtors	-1,8	0,8	16,4	0,0	-15,7
Change intrade creditors	-32,4	10,6	-79,5	21,1	65,6
Change in other provisions ²	31,4	-20,5	-76,0	-60,5	74,3
Change in working capital	92,7	-32,4	-109,6	-82,4	47,1

Solid financial position

- Cash flow from operations positively affected by high revenues and increased profit together with reduced working capital
 - Reduced level of inventory
 - Increased short term debt because of postponed payments of social and corporate taxes, postponed rental payments in Hemtex and increased VAT because of higher sales
 - Increased working capital due to the inclusion of Hemtex compared with last year
- Cash flow from financing impacted by June dividend payment of MNOK 48.8 (81.7)
- Gearing ratio, exclusive of IFRS16 effects, of 1.1
- Net interest-bearing debt excluding IFRS16 leasing liabilities of MNOK 442.1
- Cash and available credit facilities of MNOK 503.8 at the end of the quarter

Segment: Kid Interior

(Amounts in NOK millions)	Q2 2020	Q2 2019	H1 2020	H1 2019	FY 2019
Revenue	411,5	321,4	698,6	619,4	1 606,3
Revenue growth	28,0 %	14,2 %	12,8 %	11,3 %	9,5 %
LFL growth including online sales	27,1 %	11,0 %	12,1 %	7,8 %	6,8 %
COGS	-157,9	-120,8	-275,6	-238,5	-622,6
Gross profit	253,5	200,6	423,0	380,9	983,7
Gross margin (%)	61,6 %	62,4 %	60,6 %	61,5 %	61,2 %
Other operating revenue		0,1	0,1	0,2	0,2
Employee benefits expense	-88,8	-79,3	-171,7	-162,0	-349,1
Other operating expense	-88,5	-88,9	-174,0	-171,5	-351,4
Other operating expense - IFRS 16 effect	37,1	36,8	75,8	73,8	148,3
EBITDA	113,2	69,4	153,2	121,4	431,7
EBITDA margin (%)	27,5 %	21,6 %	21,9 %	19,6 %	26,9 %
No. of shopping days	72	71	149	147	303
No. of physical stores at period end	143	143	143	143	144



Segment: Hemtex

(Amounts in NOK millions)	Q2 2020	Q2 2019 ¹	H1 2020	H1 2019 ¹	FY 2019 ¹
Revenue	249,0	107,4	469,9	107,4	735,9
Revenue growth ²	14,7 %	-1,8 %	10,7 %	-1,8 %	13,1 %
LFL growth including online sales ²	18,0 %	3,2 %	13,0 %	3,2 %	12,5 %
COGS	-93,2	-38,5	-174,1	-38,5	-290,5
Gross profit	155,9	68,9	295,8	68,9	445,4
Gross margin (%)	62,6 %	64,2 %	62,9 %	64,2 %	60,5 %
Other operating revenue	0,0	0,8	0,3	0,8	1,9
Employee benefits expense	-51,3	-29,4	-109,4	-29,4	-154,4
Other operating expense	-75,5	-37,1	-162,4	-37,1	-209,3
Other operating expense - IFRS 16 effect	34,3	14,3	68,0	14,3	78,4
EBITDA	63,5	17,4	92,3	17,4	161,9
EBITDA margin (%)	25,5 %	16,1 %	19,6 %	16,1 %	21,9 %
No. of shopping days	90	47,0	90	47,0	91
No. of physical stores at period end (excl. franchise)	120	128,0	120	128,0	123



Operational initiatives

Mid-term objectives unchanged

- Continue to monitor the Covid-19 situation. No major sourcing challenges expected, but conditions may change fast
- Postponed store refurbishments reinitiated and expected to be finalized before Christmas
- New store signed in Kalmar (Sweden), Røa (Norway) and Nittedal (Norway)
- Kid Interior product assortment to be phased in during Q3 in Hemtex
- Strong concept and business culture enables us to exploit emerging opportunities



Q&A

Kid



Income statement

(Amounts in NOK thousand)	Q2 2020	Q2 2019 ¹	H1 2020	H1 2019 ¹
Revenue	660,5	428,8	1 168,5	726,8
COGS	-251,8	-160,2	-454,5	-278,0
Gross profit	408,7	268,6	714,0	448,8
Gross margin (%)	61,9 %	62,6 %	61,1 %	61,8 %
Other operating revenue	0,0	0,9	0,4	0,9
OPEX	-232,7	-193,0	-474,9	-321,3
EBITDA	176,0	76,4	239,5	128,5
EBITDA margin (%)	26,6 %	17,8 %	20,5 %	17,7 %
Adj. EBITDA	176,0	85,8	240,7	137,8
Adj. EBITDA margin (%)	26,6 %	20,0 %	20,6 %	18,9 %
Depreciation and amortisation	-85,8	-61,6	-169,3	-104,3
EBIT	90,2	14,8	70,1	24,2
EBIT margin (%)	13,7 %	3,5 %	6,0 %	3,3 %
Net finance	-11,8	-10,5	-4,9	-20,5
Profit before tax	78,3	4,3	65,2	3,8
Net profit	62,0	1,8	51,7	1,4
Adj. Net profit	62,0	10,6	52,6	10,1

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

Sales days and stores

Kid

Number of sales days

Year	Q1	Q2	Q3	Q4	Total
2019	76	71	79	80	306
2020	77	72	79	80	308

Number of store projects

2019	Q1	Q2	Q3	Q4	Total
New stores	1	0	1	2	4
Closed stores	2	0	0	1	3
Relocated stores	0	2	0	0	2
Refurbished stores	7	7	1	1	16

2020	Q1	Q2	Q3	Q4	Total
New stores	0	0			0
Closed stores	1	0			1
Relocated stores	0	0			0
Refurbished stores	2	2			4

Hemtex

Number of sales days

Year	Q1	Q2	Q3	Q4	Total
2019		90	92	91	273
2020	91	90			181

Number of store projects

2019	Q1	Q2	Q3	Q4	Total
New stores		0	0	0	0
Closed stores		1	4	1	6
Relocated stores		0	2	2	4
Refurbished stores		2	1	6	9

2020	Q1	Q2	Q3	Q4	Total
New stores	0	0			0
Closed stores	3	0			3
Relocated stores	0	0			0
Refurbished stores	3	0			3