

Kid ASA

Interim report Q3 2020



Dear Shareholders

Kid has seen strong demand for home and interior products since the COVID-19 outbreak, with solid growth across categories. With a like-for-like growth of 16.6%, an improved gross margin and strong cost control, the Kid Group presents its highest Q3 EBITDA ever!

These are the key takeaways from the third quarter:

- The Kid Group's revenues in Q3 were driven by strong growth across categories and trend and base assortment. Bedlinen, kitchen products and our cabin collection ('lodge collection') were among those with the highest growth. Also, online sales continued its strong growth.
- COVID-19 has affected our markets in different ways. Footfall in the Norway was high during the quarter, resulting in a like-for-like growth of 20.9% in Kid Interior. Hemtex also had a good start to the quarter, and although customer traffic declined towards the end of the quarter, we still generated a like-for-like growth of 9.2%.
- It has been just over a year since we acquired Hemtex, but we have already exceeded our operational targets and reached an important milestone by surpassing our 2021 rolling-twelve-month EBITDA target of 100 million ahead of time. I am impressed by the integration work and happy to see employees working across physically closed borders, while at the same time achieving strong results. We now expect to reach the targeted Hemtex EBITDA of 150 million well ahead of 2023 which was the original target.
- We are gradually phasing Kid products into our Hemtex stores, and all products are now being sourced from the centralised headquarters in Lier, Norway. We continue to add Kid products to the Hemtex assortment and thereby enabling further profitable growth.
- To further strengthen our sales growth, we have decided to invest in a new technology platform which will improve the customer's online journey. The new platform will be gradually implemented over the next two and a half years and consider it to be the fundament for our future digital development across sales channels, as well as current geographies.
- After continuously optimizing the Hemtex store portfolio since the acquisition, we have now opened the first new store in Sweden. We are planning for more openings, and during Q4 we will open four new stores in Kid Interior, thus approaching our ambition of approximately 150 stores in Norway.
- We have decided to increase our footprint in Finland and Estonia with an ambition to reach twenty Hemtex stores in Finland and eight in Estonia within the next five years with a potential revenue of 100 million.
- We continue to strengthen our sustainability activities. Over the last twelve months we have reduced plastic packaging by 80 tons by switching to recyclable packaging. During Q3 we have launched Ocean duvets which are made from 100% recycled plastic from the oceans.
- Following our strong financial performance, the Board of Directors have decided to pay a half-year dividend of NOK 5.80 per share in November.



We are really looking forward to an exciting Q4 with Black Friday and Christmas shopping ahead of us. We are well prepared and will inspire our customers to get into the festive spending mood!

Yours sincerely,

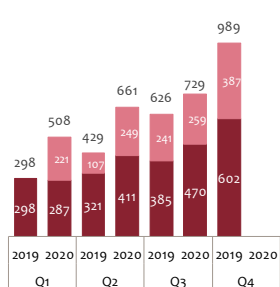
A handwritten signature in blue ink, appearing to read 'Anders R. Fjell'. The signature is stylized and fluid.

Third quarter in brief

- ✓ Group revenues increased by 11.5% and like-for-like growth was 16.6%. Kid has seen strong demand for home and interior products after the COVID-19 outbreak with solid growth across all categories.
- ✓ Gross margin increased by 3.6 pp to 63.1% on the back of increased average prices and less rebating.
- ✓ Employee benefits expenses increased due to bonus provisions because of strong financial performance. Other operating expenses excluding IFRS 16 effects increased by MNOK 7.7 mainly driven by increased rental costs as a consequence of higher sales, and FX effects. During Q3 there were only minor COVID-19 cost effects.
- ✓ Adjusted EBITDA exclusive of IFRS16 effects increased by MNOK 63.6 to MNOK 138.9 (MNOK 75.3).
- ✓ Increased store investments after postponements during first phase of COVID-19.
- ✓ Half-year dividend payment of NOK 5.80 per share, payable in November 2020.
- ✓ LTM gearing ratio excluding IFRS16 effects was 0.85 at the end of the quarter.

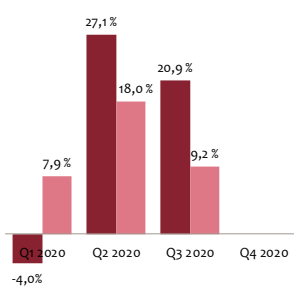


Revenue, MNOK



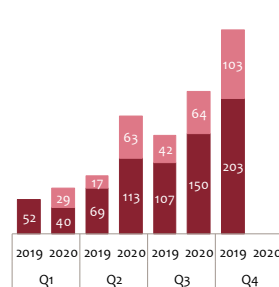
■ Kid Interior ■ Hemtex¹

Like-for-like growth (%)



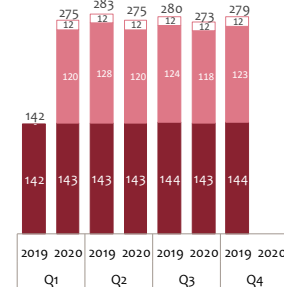
■ Kid Interior ■ Hemtex¹

Segmental EBITDA, MNOK



■ Kid Interior ■ Hemtex¹

No. of physical stores
(period end)



■ Kid Interior ■ Hemtex ■ Hemtex (franchise)

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

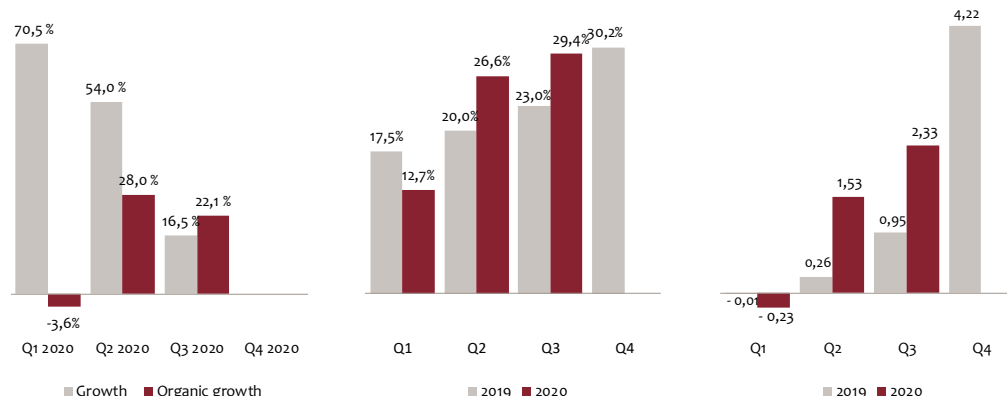
Alternative Performance Measures

(Amounts in NOK million)	Q3 2020	Q3 2019	Q1-Q3 2020	Q1-Q3 2019	FY 2019
Revenue	729,0	625,9	1 897,5	1 352,7	2 342,2
Like-for-like growth including online sales ¹	16,6 %		14,1 %		
COGS	-269,0	-253,2	-723,5	-531,2	-925,7
Gross profit	460,0	372,7	1 174,0	821,6	1 416,5
Gross margin (%)	63,1%	59,5%	61,9%	60,7%	60,5%
Other operating income	0,4	1,1	0,7	2,0	2,1
Employee benefits expense	-150,6	-138,4	-432,5	-329,9	-503,5
Other operating expense	-170,9	-163,2	-507,6	-381,1	-574,8
Other operating expense - IFRS 16 effect	75,6	68,7	219,4	156,8	226,6
OPEX	-245,8	-232,9	-720,7	-554,2	-851,6
Integration costs	0,0	3,1	1,2	12,5	14,1
Opex excluding integration costs	-245,8	-229,8	-719,5	-541,7	-837,6
Adj. EBITDA	214,5	144,0	455,2	281,9	581,0
Adj. EBITDA margin (%)	29,4%	23,0%	24,0%	20,8%	24,8%
Depreciation	-16,1	-14,1	-46,7	-35,9	-50,5
Depreciation - IFRS 16 effect	-68,6	-66,0	-207,3	-148,5	-214,4
Adj. EBIT	129,8	63,9	201,1	97,5	316,0
Adj. EBIT margin (%)	17,8%	10,2%	10,6%	7,2%	13,5%
Net financial income (expense)	-2,3	-4,4	7,8	-10,4	-11,3
Net financial expense - IFRS 16 effect	-7,4	-7,7	-22,4	-22,1	-29,7
Adj. Profit before tax	120,1	51,8	186,6	65,0	275,1
Adj. Net income	94,7	38,6	147,3	48,8	220,4
Adjusted earnings per share	2,33	0,95	3,62	1,20	5,42
Liabilities to financial institutions	-570,9	-785,5	-570,9	-785,5	-674,5
Lease liabilities - IFRS 16 effect	-768,3	-797,1	-768,3	-797,1	-802,3
Cash	173,7	153,2	173,7	153,2	339,2
Net interest bearing debt	-1 165,5	-1 429,3	-1 165,5	-1 429,3	-1 137,5

Revenue growth (%) ²

Adj. EBITDA margin (%) ^{2 | 3}

Adj. EPS, (NOK) ^{2 | 4}



¹ Based on Hemtex Q2 2019 revenues of MNOK 199.8 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

Q3 2020 was another strong quarter for the Kid Group both in terms of revenues and profitability.

There were only limited COVID-19 cost reduction effects in the quarter, estimated at MNOK 2.5.

Revenues

Group revenues increased by 16.5% to MNOK 729.0 (MNOK 625.9), and by 11.5% (653.7) based on a constant currency calculation. Group revenues on a like-for-like basis were up by 16.6% with constant currency calculation.

Demand in Norway was strong through the quarter, resulting in a LFL-growth of 20.9%. Hemtex saw a LFL-growth of 9.2% with somewhat slower traffic and LFL-growth shifting during the quarter in Sweden. Finland remains more challenging with a negative trend towards the end of the quarter while growth in Estonia was positive all through the quarter. Finland and Estonia account for less than 5% of Group Revenues.

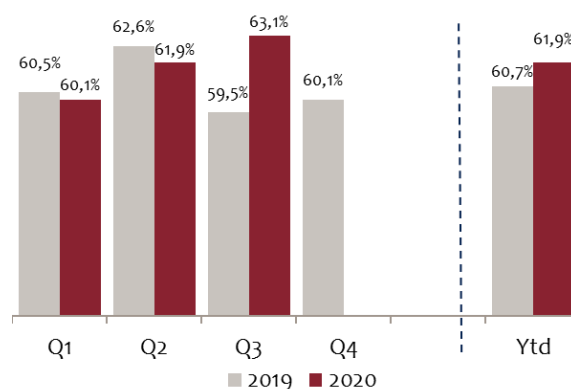
Q3 2019 vs Q3 2020 revenue bridge, MNOK



Gross margin was 63.1%, up 3.6 percentage points compared to Q3 2019.

The increase in gross margin is mainly driven by increased average prices from product mix and price increases, and less rebating.

Gross margin:

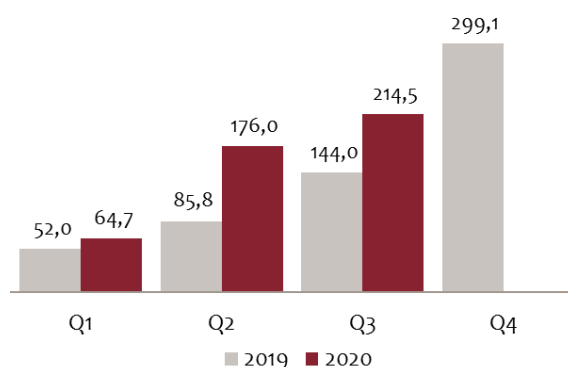


Employee benefits expenses increased by MNOK 12.2 to MNOK 150.6. In Kid Interior, bonus provisions increased based on strong financial performance during the quarter. In Hemtex employee benefits expenses decreased in local currency, due to closed stores and downsizing at the Swedish HQ as a part of the integration process with Kid Interior.

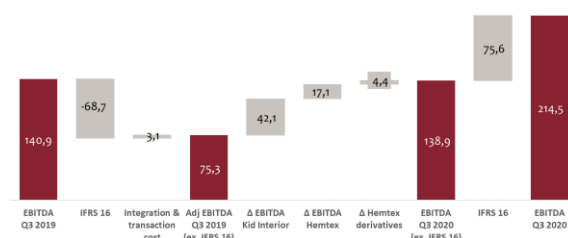
Operating expenses excluding IFRS16 increased by MNOK 7.7 to MNOK 170.9. Kid Interior had an increased turnover based rental cost, while Hemtex had a reduction in operating expenses in local currency based on reduced rental and general admin costs.

Further details on employee benefits and operating expenses are in the Segment sections below.

Adjusted EBITDA increased from MNOK 144.0 to MNOK 214.5. EBITDA was adjusted for transaction and integration costs in Q3 2019 of MNOK 3.1, while no such adjustments were made in Q3 2020.



EBITDA exclusive of IFRS16 effects was MNOK 138.9 compared to an adjusted EBITDA of MNOK 75.3 last year. The increase of MNOK 63.6 is due to strong revenue growth with increased margins and cost control.



Net financial expense of MNOK 2.3 relates to net interest expenses on external borrowings.

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

Adjustments overview (MNOK)	Q3 2020	Q3 2019	Q1-Q3 2020	Q1-Q3 2019	FY 2019
Transaction cost related to Hemtex acquisition ¹		0,8		8,8	8,8
Integration cost related to Hemtex acquisition		2,3	1,2	3,7	5,3
EBITDA and EBIT adjustments		3,1	1,2	12,5	14,1
Profit adjustments before tax		3,1	1,2	12,5	14,1
Tax effects on adjustments (22%)		-0,7	-0,3	-1,3	-1,6
Net income adjustments		2,4	0,9	11,2	12,4

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

Liquidity and borrowings

The Group has a satisfactorily liquidity position.

Excluding IFRS16 leasing liabilities, net interest-bearing debt was MNOK 397.2 at the end of the quarter, corresponding to 0.85 x LTM EBITDA (excluding IFRS16).

The Group had cash and available credit facilities of MNOK 500.7 as of 30 September 2020.

Segments: Key figures

KID Interior

(Amounts in NOK millions)	Q3 2020	Q3 2019	Q1-Q3 2020	Q1-Q3 2019	FY 2019
Revenue	470,1	384,9	1 168,7	1 004,3	1 606,3
Revenue growth	22,1 %	4,6 %	16,4 %	8,6 %	9,5 %
LFL growth including online sales	20,9 %	2,0 %	15,5 %	5,6 %	6,8 %
COGS	-173,0	-150,6	-448,6	-389,2	-622,6
Gross profit	297,1	234,3	720,1	615,2	983,7
Gross margin (%)	63,2 %	60,9 %	61,6 %	61,3 %	61,2 %
Other operating revenue	0,1	0,0	0,2	0,2	0,2
Employee benefits expense	-95,8	-80,9	-267,4	-242,9	-349,1
Other operating expense	-89,7	-83,8	-263,7	-255,3	-351,4
Other operating expense - IFRS 16 effect	38,4	37,3	114,1	111,1	148,3
EBITDA	150,0	106,9	303,3	228,3	431,7
EBITDA margin (%)	31,9 %	27,8 %	25,9 %	22,7 %	26,9 %
No. of shopping days	79	79	228	226	303
No. of physical stores at period end	143	144	143	144	144

Hemtex

(Amounts in NOK millions)	Q3 2020	Q3 2019	Q1-Q3 2020	Q1-Q3 2019 ¹	FY 2019 ¹
Revenue	258,8	241,0	728,8	348,4	735,9
Revenue growth ²	-3,7 %	11,1 %	5,2 %	6,7 %	13,1 %
LFL growth including online sales ²	9,2 %	3,2 %	11,9 %	3,3 %	12,5 %
COGS	-95,9	-98,1	-270,1	-136,6	-290,5
Gross profit	162,9	142,9	458,7	211,8	445,4
Gross margin (%)	62,9 %	59,3 %	62,9 %	60,8 %	60,5 %
Other operating revenue	0,3	1,0	0,6	1,8	1,9
Employee benefits expense	-54,8	-57,5	-164,2	-87,0	-154,4
Other operating expense	-81,2	-76,3	-243,6	-113,4	-209,3
Other operating expense - IFRS 16 effect	37,2	31,4	105,3	45,7	78,4
EBITDA	64,5	41,5	156,8	58,9	161,9
EBITDA margin (%)	24,9 %	17,2 %	21,5 %	16,8 %	21,9 %
No. of shopping days	92	92	92	92	91
No. of physical stores at period end (excl. franchise)	118	124	118	124	123

¹ Hemtex AB figures are included in the group accounts from 15 May 2019. FY 2019 is for the period 15 May until the end of FY19.

² Based on Hemtex management accounts and calculated in constant currency.

Segment: Kid Interior

Revenues in Kid Interior increased by 22.1% to MNOK 470.1. Like-for-like revenues including online sales were up by +20.9%, with solid and stable sales growth through the quarter and across categories. During the quarter, both number of customers and basket size increased.

Online sales increased by 18.6% to MNOK 23.8.

Gross profit increased by MNOK 62.8 compared to last year and gross margin increased by 2.3 percentage points on the back of increased average prices, less rebating and favourable product mix.

Employee expenses increased by 18.4% to MNOK 95.8:

- +0.5 percentage points due to net new and relocated stores
- +4.8 percentage points due to increased staffing level in LFL stores and general salary increases
- +15.2 percentage points due to bonus provisions driven by strong financial performance. Bonus provisions in Q3 was MNOK 10,2 (MNOK 0,3) for store employees, MNOK 1,5 (MNOK 2,1) for HQ and MNOK 3,1 (MNOK 0) related to integration of Hemtex
- -2.1 percentage points due to increase in HQ staff, partly offset by lower costs related to integration of Hemtex

Store bonuses are a function of actual vs budgeted EBITDA per store for the fiscal year ending 31 December and is capped at a maximum cost of MNOK 0,23 per store. Accumulated provision after Q3 2020 is MNOK 19.7. Subject to actual results for the remainder of the year, other management and HQ bonuses of MNOK 4.3 including social taxes

could be provisioned. As of Q3 2020 accumulated provision to other management and HQ is MNOK 13.8 including MNOK 8.3 related to integration of Hemtex.

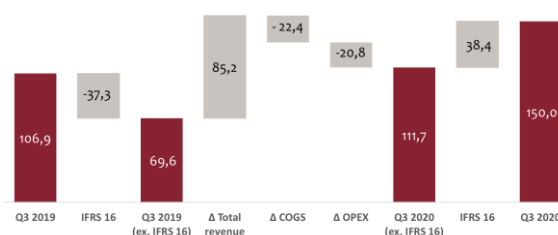
Other operating expenses excluding IFRS16 increased by 7% to MNOK 89.7:

- +4.5 percentage points due to revenue related retail space and cost for LFL stores
- +2,5 percentage points related to adjustment for transaction cost in Q3 2019, partly offset by lower general admin costs

Covid-19 cost effect during Q3 has been estimated at MNOK 1.7 related to reduced rental costs.

EBITDA increased by MNOK 43.1 mainly due to higher revenues, increased average prices and improved margins.

Q3 2019 vs. Q3 2020 EBITDA bridge, MNOK



Capital Expenditure during Q3 amounted to MNOK 7.1 reflecting openings and refurbishments in Q3 and Q4. No new stores were opened, relocated, or closed, and two stores were refurbished during the third quarter. The total number of physical stores at the end of the quarter was 143 (144).

Segment: Hemtex

Revenues increased by MNOK 17.8 to MNOK 258.8.

In local currency revenues decreased by MSEK -9.7 or -3.7% to MSEK 251.3 mainly related to closing of three stores (MSEK -10), reduced Hemtex24H sales due to customer start-up Q3 last year (MSEK -20) and increased LFL revenues including online (MSEK +20).

During the quarter, online traffic increased while store footfall was reduced, offset by an increase in basket size. The implementation of Kid products continued and effected revenues positively.

Online sales increased by 45.8% to MSEK 25.3.

Gross margin increased by 3.6 pp compared to Q3 2019. The increase is caused by increased average prices and introduction of Kid products with higher margins, and less Hemtex 24H revenues with lower margins.

Employee expenses decreased by -4.8% to MNOK 54.8:

- -4.5 percentage points due to net new and closed stores
- -3.6 percentage points due to reduced staffing level in LFL stores
- -6.3 percentage points due to fewer employees at HQ in Borås, Sweden
- +9.6 percentage points due to changes in NOKSEK exchange rate

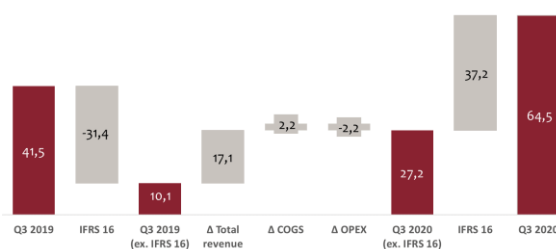
Other operating expenses excluding IFRS16, increased by 6.4% to MNOK 81.2:

- -4.7 percentage points related to retail space and cost for LFL stores
- -0.4 percentage points related to retail space and cost for net new stores
- -1.2 percentage points related to marketing costs as campaigns have been moved to Q4

- +0.3 percentage points related to revenue related costs in Online store, partly offset by lower general admin costs in the HQ office
- +2.0 percentage points related to third party logistics costs
- +10.4 percentage points due to exchange rate

Covid-19 cost effect during Q3 has been estimated at MNOK 0.8 of which reduced employee expenses accounted for MNOK 0.6.

EBITDA increased by MNOK 23.0 mainly due to increased average prices, improved margins and reduced employee and operating expenses.



Following the integration of Hemtex, certain group costs and capital expenditures have been booked in Kid Interior. Such costs will be assessed and allocated to the respective segments at year end, based on common accepted methodology.

Capital Expenditure during Q3 amounted to MNOK 9.1 and include openings and refurbishments in Q4.

One new store was opened, one was relocated, three stores were closed, and two stores were refurbished during Q3. The total number of physical stores at the end of the quarter was 118 (124).

Events after the end of the reporting period

The pandemic situation persists, and we continue to see new outbreaks in all markets. The management is monitoring the situation closely.

At the Annual General Meeting in May 2020, the Board of Directors were authorized to approve the distribution of a half-year dividend. The Board of Directors have based the decision on the strong financial performance in 2020, and the current dividend policy whereby 60-80% of the annual adjusted results after tax and excess cash are distributed as a dividend. The Board of Directors have made a resolution to pay a half-year dividend of NOK 5.80 per share in November 2020. The

dividend consists of NOK 1.2 per share that was withheld in June on the back of the high degree of uncertainty related to the COVID-19 outbreak, and a semi-annual prepayment of NOK 4.60 per share.

The board will in the Q4 report on 17 February 2021 propose the next dividend payment based on the fiscal year 2020 results, payable in May 2021.

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

Lier, 5 November 2020

The board of Kid ASA



The image shows five handwritten signatures in blue ink, each with a printed name underneath. The signatures are arranged in two columns. The names are: Petter Schouw-Hansen (top center), Karin Bing Orgland (middle left), Rune Marsdal (middle right), Liv Berstad (bottom left), and Gyrid Skalleberg Ingerø (bottom right).

Petter Schouw-Hansen

Karin Bing Orgland

Rune Marsdal

Liv Berstad

Gyrid Skalleberg Ingerø



Kid ASA - Group figures Q3 2020

Financial statements

Interim consolidated statement of profit and loss

(Amounts in NOK thousand)	Note	Q3 2020 Unaudited	Q3 2019 Unaudited	Q1-Q3 2020 Unaudited	Q1-Q3 2019 ¹ Unaudited	FY 2019 ¹ Audited
Revenue		728 927	625 918	1 897 467	1 352 718	2 342 180
Other operating revenue		379	1 085	750	2 009	2 082
Total revenue		729 306	627 003	1 898 217	1 354 727	2 344 263
Cost of goods sold		-268 965	-253 191	-723 504	-531 155	-925 666
Employee benefits expense		-150 560	-138 428	-432 453	-329 861	-503 494
Depreciation and amortisation expenses	9	-84 724	-80 107	-254 059	-184 359	-264 974
Other operating expenses		-95 253	-94 471	-288 253	-224 328	-348 153
Total operating expenses		-599 503	-566 196	-1 698 269	-1 269 703	-2 042 288
Operating profit		129 803	60 807	199 949	85 024	301 975
Financial income		2 382	2 756	32 119	4 119	9 510
Financial expense		-12 041	-14 859	-46 686	-36 686	-50 453
Net financial income (+) / expense (-)		-9 659	-12 103	-14 567	-32 567	-40 943
Profit before tax		120 144	48 703	185 382	52 457	261 032
Income tax expense		-25 417	-12 497	-38 970	-14 886	-53 082
Net profit (loss) for the period		94 727	36 207	146 411	37 571	207 950
Interim condensed consolidated statement of comprehensive income						
Profit for the period		94 727	36 207	146 411	37 571	207 950
Other comprehensive income		-9 774	18 387	-32 908	13 327	-134
Tax on comprehensive income		2 116	-4 313	7 182	-3 223	-303
Total comprehensive income for the period		87 069	50 280	120 686	47 675	207 513
Attributable to equity holders of the parent		87 069	50 280	120 686	47 675	207 513
Basic and diluted Earnings per share (EPS):		2,33	0,89	3,60	0,92	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	30.09.2020	30.09.2019	31.12.2019 ¹
Assets		Unaudited	Unaudited	Audited
Goodwill	9	72 737	64 085	65 402
Trademark	9	1 515 838	1 509 147	1 510 165
Other intangible assets	9	9 265	9 106	10 085
Deferred tax asset		15 593	8 629	2 185
Total intangible assets		1 613 434	1 590 968	1 587 836
Right of use asset	9	778 579	824 357	822 604
Fixtures and fittings, tools, office machinery and equipment	9	181 460	147 674	179 233
Total tangible assets		960 039	972 031	1 001 838
Total fixed assets		2 573 473	2 562 999	2 589 674
Inventories		560 005	596 603	484 988
Trade receivables		4 620	21 364	23 201
Other receivables		15 333	22 954	25 815
Derivatives		8 074	6 402	2 305
Total receivables		28 027	50 720	51 320
Cash and bank deposits		173 749	153 245	339 241
Total currents assets		761 781	800 568	875 549
Total assets		3 335 254	3 363 567	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	30.09.2020	30.09.2019	31.12.2019 ¹
Equity and liabilities		Unaudited	Unaudited	Audited
Share capital		48 770	48 774	48 774
Share premium		321 050	321 049	321 049
Other paid-in-equity		64 617	64 617	64 617
Total paid-in-equity		434 437	434 440	434 440
Other equity		809 108	606 550	715 721
Total equity		1 243 545	1 040 990	1 150 161
Deferred tax		315 488	318 020	315 398
Total provisions		315 488	318 020	315 398
Lease liabilities		546 512	579 894	584 848
Liabilities to financial institutions	6	460 403	494 421	494 498
Total long-term liabilities		1 006 915	1 074 314	1 079 346
Lease liabilities		221 817	217 226	217 427
Liabilities to financial institutions	6	110 547	291 052	180 000
Trade payable		55 319	170 762	145 122
Tax payable		42 365	25 656	51 239
Public duties payable		130 433	100 139	154 233
Other short-term liabilities		163 732	125 408	160 511
Derivatives		45 094	-	11 787
Total short-term liabilities		769 306	930 243	920 319
Total liabilities		2 091 710	2 322 577	2 315 063
Total equity and liabilities		3 335 255	3 363 567	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	37 571	37 571
Other comprehensive income	0	10 104	10 104
Cash Flow Hedges	0	-16 082	-16 082
Dividend	0	-81 290	-81 290
Balance at 30 Sep 2019	434 440	606 550	1 040 990
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	146 411	146 411
Other comprehensive income	0	-25 726	-25 726
Cash Flow Hedges	0	-6 746	-6 746
Translation differences	0	21 046	21 046
Dividend	0	-48 774	-48 774
Balance at 30 Sep 2020 ¹	434 440	809 104	1 243 544

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	Q3 2020 Unaudited	Q3 2019 Unaudited	Q1-Q3 2020 Unaudited	Q1-Q3 2019 ¹ Unaudited	FY 2019 ¹ Audited
Cash Flow from operation						
Profit before income taxes		120 145	48 703	185 382	52 457	261 032
Taxes paid in the period		-22 100	0	-44 203	-42 217	-49 702
Depreciation & Impairment	9	84 724	80 107	254 059	184 537	265 152
Effect of exchange fluctuations		-2 256	0	-24 229	0	0
Change in net working capital						
Change in inventory		-83 174	-156 496	-53 700	-199 524	-77 155
Change in trade debtors		3 148	-13 899	19 574	-13 897	-15 733
Change in trade creditors		-19 083	70 151	-98 589	91 275	65 636
Change in other provisions ²		63 034	62 239	-12 989	1 707	74 322
Net cash flow from operations		144 438	90 806	225 303	74 340	523 553
Cash flow from investment						
Purchase of Hemtex AB, net of cash acquired		0	0	0	5 230	5 230
Purchase of fixed assets	9	-13 141	-19 126	-38 190	-51 207	-98 089
Net Cash flow from investments		-13 141	-19 126	-38 190	-45 978	-92 859
Cash flow from financing						
Proceeds from long term loans		0	0	25 000	674 375	674 375
Repayment of revolving credit facility		0	0	-80 002	-397	-397
Repayment of Term Loans		-50 152	0	-50 152	-627 379	-627 379
Lease payments for principal portion of lease liability		-73 074	-68 746	-208 018	-153 536	-223 335
Dividend payment		0	0	-48 774	-81 290	-130 064
Net interest		-9 485	-11 262	2 087	-28 966	-26 170
Net cash flow from financing		-132 711	-80 008	-359 858	-217 193	-332 969
Cash and cash equivalents at the beginning of the period		176 815	60 997	339 246	242 152	242 152
Net change in cash and cash equivalents		-1 412	-8 328	-172 741	-188 831	97 724
Exchange gains / (losses) on cash and cash equivalents		-1 653	18	7 244	-634	-634
Cash and cash equivalents at the end of the period		173 749	52 687	173 749	52 686	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, short-term liabilities and accrued interest.

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 third 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 2020 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.

Per the third quarter, there has not been transactions affecting the segments.

Q3 2020

(Amounts in NOK thousand)	KID Interior	Hemtex	Group adjustments	Total
Revenue	470 077	258 850		728 927
COGS	-173 016	-95 949		-268 965
Gross profit	297 061	162 901		459 962
Other operating revenue	83	296		379
Operating expense (OPEX)	-147 096	-98 718		-245 813
EBITDA	150 048	64 479		214 527
Operating profit	105 229	24 574		129 803
Gross margin (%)	63,2 %	62,9 %	-	63,1 %
OPEX to sales margin (%)	31,3 %	38,1 %	-	33,7 %
EBITDA margin (%)	31,9 %	24,9 %	-	29,4 %
Inventory	321 500	238 505		560 005
Total assets	2 912 322	418 855		3 331 176

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, and In Q1 2020 the group obtained an additional NOK 25,000 thousand facility (TL C). In Q3 2020 Kid ASA repaid NOK 50,000 of the outstanding TL A facility. At the balance sheet date, the Group has the following borrowing facilities:

(Amounts in NOK thousand)	Utilised 30.09.2020	Total Facility	Interest	Maturity	Repayment
TL A	100 000	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
	570 000	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

	Q3 2020	Q3 2019	Q1-Q3 2020	Q1-Q3 2019	FY 2019
Weighted number of ordinary shares	40 645 162	40 645 162	40 645 162	40 645 162	40 645 162
Net profit or loss for the year	94 727	36 207	146 411	37 571	207 950
Earnings per share (basic and diluted) (Expressed in NOK per share)	2,33	0,89	3,60	0,92	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 nine months of 2020 and 2019:

Related Party Transactions	Q1-Q3 2020	Q1-Q3 2019
Vågsgaten Handel AS with subsidiaries (Store rental)	832	848
Management for Hire*	375	446
Total	1 207	1 294

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 year 2020 the payment of salary amounts to NOK 375 thousand. The work is approved by the board as per Kid corporate governance policies. The agreement ended at 31.03.2020.

Note 9 Fixed assets and intangible assets

(amounts in NOK thousand)	Right of use Asset	PPE	Trademark	Other Intangibles	Goodwill
Balance 01.01.2020	822 604	179 233	1 510 165	10 085	65 402
Exchange differences	24 735	5 788	5 673	665	7 336
Additions	140 686	40 780	-	956	-
Depreciation and amortisation	-209 447	-44 342	-	-2 440	-
Balance 30.09.2020	778 579	181 460	1 515 838	9 265	72 737

(amounts in NOK thousand)	Right of use Asset	PPE	Trademark	Other Intangibles	Goodwill
Balance 31.12.2018	-	91 530	1 459 585	9 835	-
IFRS 16 transition effects	674 700	-	-	-6 532	-
Balance 01.01.2019	674 700	91 530	1 459 585	3 303	-
Exchange differences	1 211	202	262	28	339
Acquisition Hemtex	213 592	38 467	49 300	-	63 746
Additions	84 355	51 416	-	8 249	-
Depreciation and amortisation	-149 412	-33 940	-	-2 474	-
Balance 30.09.2019	824 446	147 675	1 509 147	9 106	64 085

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.
- **Constant currency** is exchange rates that the Group uses to eliminate the effect of exchange rates fluctuations when calculating financial performance numbers.

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.

