# Kid ASA

## Interim report Q1 2021

# Dear Shareholders

**Q1 was another strong quarter for the Kid Group, and our first Q1 ever with positive net profit, driven by continued high revenue growth combined with increased gross margin and cost control. Rapidly changing Governmental restrictions related to Covid-19 make our operations unpredictable and underline the importance of agile management. We are launching new products at a high rate and capitalizing on the increased demand for home and interior.**

These are the key takeaways from the first quarter:

- In order to offset the impact of temporary store closures across Norway, we focused our marketing and operations towards innovative and covid-friendly measures such as 'Click and collect'. We also shifted marketing spending towards digital channels in all markets, with positive effect on sales.

- Kid Interior launched 'Instore online orders' that makes online stock and functionality available for customers inside the physical stores. The solution widens our product offering and reduces the negative impact of out-of-stock situations in stores.

- Our total efforts generated double digit growth despite that one of four stores were closed during the quarter on average in Kid Interior. By developing and adapting our omni channel to the current market situation, we have been able to maintain operations in our closed stores. This has enabled us to provide predictability for our employees by giving notice of temporally layoffs to as few people as possible.

- Hemtex 24H is our B2B solution designed and sourced by Hemtex for wholesale retailers. After the acquisition of Hemtex in 2019, we have gradually increased our efforts in growing this business segment and we are happy to present a growth of 84% in Q1. We see a significant potential in growing Hemtex 24H going forward with our dedicated Swedish team.

- Continued development and refurbishing the store portfolio. We have identified opportunities for re-negotiations, relocation, and new stores going forward. During Q1, lease agreements were signed for two new store openings in Sweden, in Karlskrona in Q2 and central Malmø in Q3. In total, we have signed lease agreements for a total of five new stores scheduled to open in 2021.

- On 20 March, Kid ASA was included in the OSEBX index on the Oslo Stock Exchange. For us, this is an acknowledgement of the successful development in Kid, and we take pride in joining a strong group of companies in this prestigious index going forward.

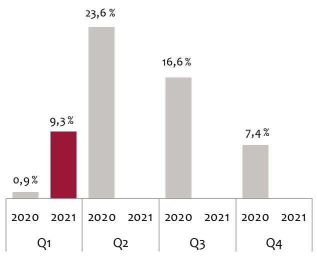
I remain impressed by our employees' willingness to adapt and their loyalty and dedication. Looking ahead to the upcoming warmer season, we look forward to inspiring customers with our summer collections, and to launch an extended assortment for outdoor furniture, pots and lighting!

Yours sincerely,

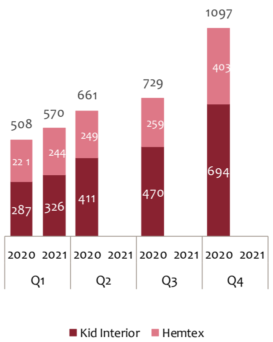
# First quarter in brief

- ✓ Group revenues increased by 10.4% and like-for-like growth increased by 9.3% despite reduced footfall following governmental Covid-19 restrictions. Sales were driven by increased basket size in physical stores as well as significant online sales growth of 84.3% and 106.2% in Kid Interior and Hemtex respectively.
- ✓ Gross margin increased by 0.9 percentage points to 61.0%, driven by improved purchasing terms following higher volumes and a more favourable product mix.
- ✓ OPEX-to-sales was 54% (62%) reflecting continued strong cost control and Covid-19 related cost reductions of MNOK 7.2 (MNOK 0).
- ✓ Adjusted EBITDA excluding IFRS16 effects increased to MNOK 39.5 (MNOK -7.7).
- ✓ LTM gearing ratio excluding IFRS16 effects was 0.75 (1.7) at the end of the quarter.

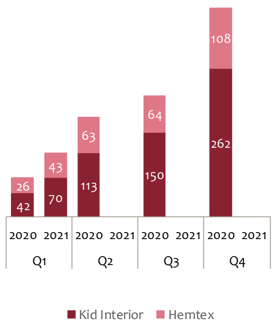
**LFL growth (%), Group**



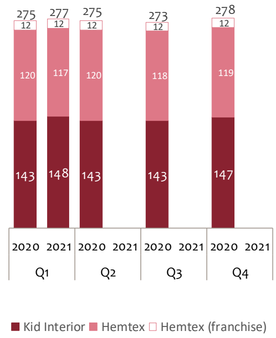

**Revenue, MNOK**




**EBITDA, MNOK**




**No. of physical stores**
**(period end)**



# Alternative Performance Measures

| (Amounts in NOK million) | Q1 2021 | Q1 2020 | FY 2020 |
|---|---|---|---|
| **Revenue** | **569,8** | **508,0** | **2 994,7** |
| Like-for-like growth including online sales [1] | 9,3 % | 0,9 % | 14,8 % |
| COGS | -222,0 | -202,7 | -1 128,7 |
| **Gross profit** | **347,8** | **305,3** | **1 866,0** |
| **Gross margin (%)** | **61,0%** | **60,1%** | **62,3%** |
| Other operating income | 1,3 | 0,3 | 1,7 |
| Employee benefits expense | -140,0 | -141,7 | -607,1 |
| Other operating expense | -169,7 | -172,8 | -726,6 |
| Other operating expense - IFRS 16 effect | 73,2 | 72,4 | 289,7 |
| **OPEX** | **-236,4** | **-242,2** | **-1 044,1** |
| Integration costs | 0,0 | 1,2 | 1,2 |
| **Opex excluding integration costs** | **-236,4** | **-241,0** | **-1 042,9** |
| **Adj. EBITDA** | **112,7** | **64,7** | **824,8** |
| **Adj. EBITDA margin (%)** | **19,7%** | **12,7%** | **27,5%** |
| Depreciation | -16,9 | -15,0 | -63,8 |
| Depreciation - IFRS 16 effect | -66,1 | -68,6 | -277,1 |
| **Adj. EBIT** | **29,7** | **-18,9** | **483,9** |
| **Adj. EBIT margin (%)** | **5,2%** | **-3,7%** | **16,2%** |
| Net financial income (expense) | -17,3 | 14,6 | 2,2 |
| Net financial expense - IFRS 16 effect | -7,1 | -7,7 | -30,7 |
| **Adj. Profit before tax** | **5,3** | **-11,9** | **455,5** |
| **Adj. Net income** | **3,8** | **-9,4** | **357,0** |
| **Adjusted earnings per share** | **0,09** | **-0,23** | **8,78** |
| Liabilities to financial institutions | -513,6 | -619,2 | -521,8 |
| Lease liabilities - IFRS 16 effect | -760,9 | -824,6 | -819,2 |
| Cash | 91,4 | 70,0 | 301,3 |
| **Net interest bearing debt** | **-1 183,1** | **-1 373,8** | **-1 039,7** |

[1] *Calculated in constant currency*

# Financial review for the Kid Group

Q1 2021 was yet another strong quarter for the Kid Group both in terms of revenues and profitability.

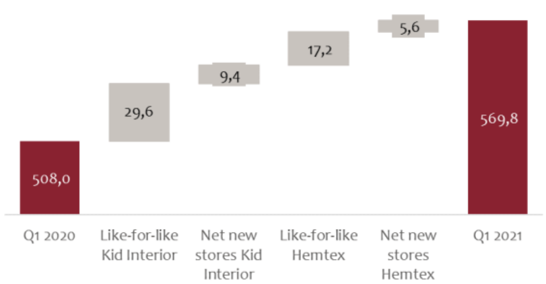
The Covid-19 cost reduction effect in the quarter, is estimated at MNOK 7.2 (MNOK 0).

**Revenues**

Group revenues increased by 10.4% to MNOK 569.1 (MNOK 515.5) based on a constant currency calculation, and by 12.0% when applying actual currency (MNOK 508.0). Group revenues on a like-for-like basis were up by 9.3%.

Revenues increased in both segments despite reduced footfall to physical stores as a result of Covid-19 restrictions, mainly driven by increased online shopping and compensating sales initiatives utilizing the omni channel platform.

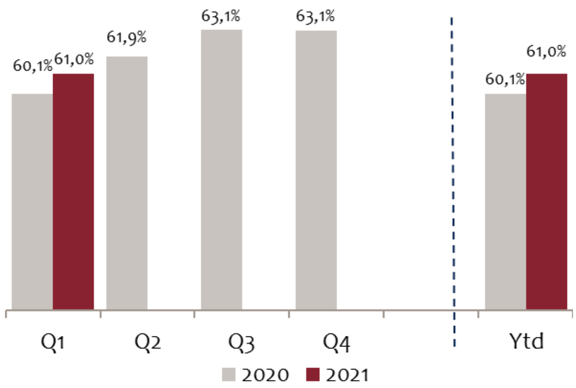
**Q1 2020 vs Q1 2021 revenue bridge, MNOK**




**Gross margin** was 61.0%, up 0.9 percentage points compared to Q1 2020.

The increase in gross margin is a consequence of higher purchasing volumes enabling improved purchasing terms with suppliers and a more favourable product mix.

**Gross margin:**



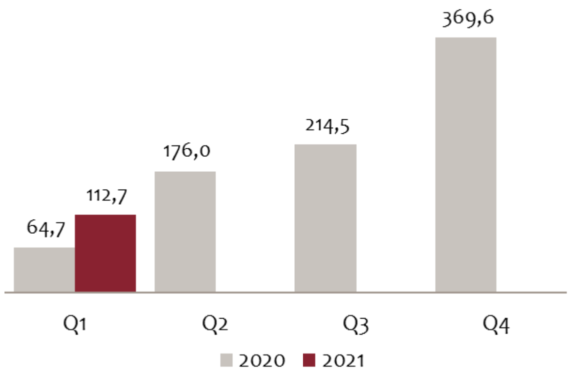

**Employee benefits expenses** decreased by MNOK 1.7 to MNOK 140. In Kid Interior, reversed bonus provisions from 2020 of MNOK 5.4 (MNOK 3.3) positively affected the cost in Q1 2021. In Hemtex employee benefits expenses decreased mainly due to fewer employees at the HQ in Borås.

**Other operating expenses excluding IFRS16** decreased by MNOK 3.1 to MNOK 169.7. Kid Interior had an increase in OPEX due to revenue related cost from higher online sales, opening of new stores and increased HQ staff. Hemtex had a reduction in OPEX (in local currency) due to a combination of reduced marketing spending, decreased retail space rental cost and a one-off cost last year of MNOK 2.6 related to the warehouse relocation.

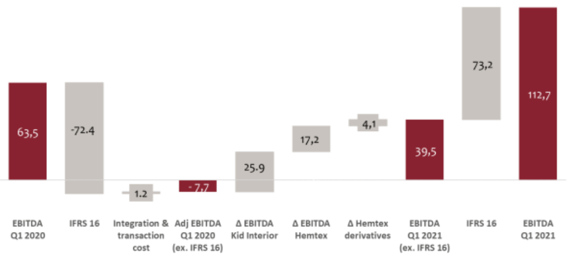
OPEX to sales margin was 54% (62%).

Further details on employee benefits and operating expenses can be found in the segment sections below.

**Adjusted EBITDA** increased from MNOK 64.7 to MNOK 112.7. EBITDA was adjusted for transaction and integration costs in Q1 2020 of MNOK 1.2. No such adjustments were made in Q1 2021.




**EBITDA exclusive of IFRS16** effects was MNOK 39.5 compared to an adjusted EBITDA of MNOK -7.7 last year. The increase of MNOK 47.2 is due to strong revenue growth with increased margins and stringent cost control.




**Net financial expense** of MNOK 17.3 mainly relates to net interest expenses of MNOK 3.5 and unrealized foreign exchange loss of MNOK 13 related to Hemtex.

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

| **Adjustments overview** (MNOK) | **Q1 2021** | **Q1 2020** | **FY 2021** | **FY 2020** |
|---|---|---|---|---|
| Integration cost related to Hemtex acquisition | | 1,2 | | 1,2 |
| **EBITDA, EBIT and profit adjustments before tax** | | **1,2** | | **1,2** |
| Tax effects on adjustments (22%) | | -0,3 | | -0,3 |
| **Net income adjustments** | | **0,9** | | **0,9** |

## Liquidity and borrowings

Kid ASA has entered into a renewed agreement with Nordea securing a term loan structure of NOK 611.7 million (of which NOK 100 million can be drawn at Kid's discretion with a maximum of two tranches within two years) with semi-annual instalments of NOK 30 million per year over 5 years. MNOK 115 has been swapped into a fixed NOKSEK and interest contract.

Excluding IFRS16 effects, net interest-bearing debt was MNOK 422.2 (MNOK 549.2) at the end of the quarter, corresponding to 0.75x (1.7x) of LTM EBITDA.

The Group had cash and available credit facilities of MNOK 468.4 (MNOK 397.0) as of 31 March 2021. The Group has a satisfactorily liquidity position.

**Capital Expenditure** during Q1 amounted to MNOK 18.2 (MNOK 7.8) of which investment in the new e-commerce platform amounted to MNOK 2.8 and the remaining MNOK 15.4 reflecting openings and refurbishments of stores.

# Segments: Key figures

### KID Interior

| (Amounts in NOK millions) | Q1 2021 | Q1 2020 [1] | FY 2020 |
|---|---|---|---|
| **Revenue** | **326,1** | **287,1** | **1 862,8** |
| Revenue growth | 13,6 % | -3,6% | 16,0 % |
| LFL growth including online sales | 10,3 % | -4,0% | 14,8 % |
| COGS | -126,9 | -117,7 | -703,1 |
| **Gross profit** | **199,2** | **169,5** | **1 159,7** |
| Gross margin (%) | 61,1 % | 59,0 % | 62,3 % |
| Other operating revenue | 0,5 | 0,1 | 0,2 |
| Employee benefits expense | -80,8 | -80,5 | -376,5 |
| Other operating expense | -89,3 | -85,4 | -366,7 |
| Other operating expense - IFRS 16 effect | 40,3 | 38,7 | 150,9 |
| **EBITDA** | **69,9** | **42,4** | **567,7** |
| EBITDA margin (%) | 21,4 % | 14,8 % | 30,5 % |
| No. of shopping days | 77 | 77 | 308 |
| No. of physical stores at period end | 148 | 143 | 147 |

### Hemtex

| (Amounts in NOK millions) | Q1 2021 | Q1 2020 [1] | FY 2020 |
|---|---|---|---|
| **Revenue** | **243,7** | **220,9** | **1 131,8** |
| Revenue growth [2] | 6,4 % | 6,6 % | 1,1 % |
| LFL growth including online sales [2] | 7,8 % | 7,9 % | 6,7 % |
| COGS | -95,2 | -81,0 | -420,7 |
| **Gross profit** | **148,6** | **139,9** | **711,1** |
| Gross margin (%) | 61,0 % | 63,4 % | 62,8 % |
| Other operating revenue | 0,8 | 0,2 | 1,4 |
| Employee benefits expense | -59,2 | -60,4 | -229,7 |
| Other operating expense | -80,3 | -87,1 | -359,6 |
| Other operating expense - IFRS 16 effect | 32,9 | 33,7 | 138,7 |
| **EBITDA** | **42,8** | **26,4** | **261,9** |
| EBITDA margin (%) | 17,5 % | 11,9 % | 23,1 % |
| No. of shopping days | 89 | 91 | 91 |
| No. of physical stores at period end (excl. franchise) | 117 | 120 | 119 |

*[1] For reason of comparison, Q1 2020 have been restated with Segment Allocated Costs. Refer Note 5 for further details.*
*[2] Calculated in local currency*

# Segment: Kid Interior

**Revenues** in Kid Interior increased by 13.6% to MNOK 326.1. Like-for-like revenues including online sales were up by 10.3%.

Despite reduced footfall in the quarter following temporarily closed stores due to governmental Covid-19 restrictions, revenues increased across all categories driven by higher basket size in physical stores and an online growth of 84.3%. Online revenues were MNOK 31.8 in the quarter.

'Click and collect', 'shop via chat' and 'Instore online orders' have been important and effective initiatives to offset the impact of store closures.

**Gross profit** increased by MNOK 29.7 compared to last year and **gross margin** increased by 2.1 percentage points due to higher purchasing volumes enabling improved purchasing terms.

**Employee expenses** increased by 0.4% to MNOK 80.8:

- +2.1 percentage points due to net new and relocated stores
- -7.2 percentage points mainly due to reversal of bonus accrual related to 2020. At year-end 2020 the total bonus provision was MNOK 42.6 including a one-off bonus of MNOK 8.3 related to the Hemtex integration. Based on final calculations, MNOK 5.4 (MNOK 3.3) was reversed in Q1 2021.
- +0.7 percentage points due to bonus provisions for Q1. MNOK 0.3 (MNOK 0.6) was provisioned for store bonuses and MNOK 0.9 (MNOK 0) was provisioned for other management and HQ bonuses
- +4.8 percentage points due to increase in number of HQ employees and general salary inflation, offset by reduced personnel costs related to the integration of Hemtex

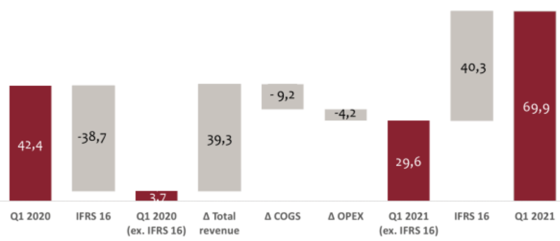
**Other operating expenses** excluding IFRS16 increased by 4,6% to MNOK 89.3:

- +0.9 percentage points related to rental cost for like-for-like stores
- +1.6 percentage points related to rental cost for new stores
- +0.9 percentage points related to rental of port warehouse
- -2.9 percentage points related to decrease in marketing costs due to a combination of lower costs and changes to timing of campaigns
- +4.1 percentage points related to an increase in other OPEX mainly due to increased IT licenses as well as freight costs to customers from higher Online sales

**Covid-19 cost effect** during Q1 has been estimated at MNOK 4.7 (MNOK 0) of which reduced employee expenses accounted for MNOK 3.2.

**EBITDA** increased by MNOK 47.0 due to higher revenues, improved margins, and stringent cost control.

**Q1 2020 vs. Q1 2021 EBITDA bridge, MNOK**




**Capital Expenditure** during Q1 amounted to MNOK 12.4 reflecting openings and refurbishments of stores.
One new store was opened, three were relocated, and two stores were refurbished during the first quarter. There were no closed stores. The total number of physical stores at the end of the quarter was 148 (143).

# Segment: Hemtex

**Revenues** increased by MNOK 22.8 to MNOK 243.7. In local currency revenues increased by 6.4% to MSEK 239.6. Like-for-like revenues including online sales were up by 7.8%.

Store sales and footfall were negatively affected by governmental restrictions, especially the Swedish governmental prohibitions to conduct the traditional January sales campaigns ("REA"). The negative impact of reduced footfall was more than offset by increased basket size in physical stores and an online growth of 106.2%. Online revenues were MNOK 46.3 in the quarter. Also, the Business-to-Business revenues of Hemtex24H has increased by 84% to MSEK 13.6.

We continue to drive growth by introducing more Kid assortment in Hemtex in combination with more joint marketing.

**Gross profit** increased by MNOK 8.7 and **gross margin** was reduced by 2.4 percentage points compared with Q1 2020. When adjusting for the positive one-off freight effect booked in Q1 2020 of MNOK 4.0 and margin effect from Hemtex24H revenues (which has a lower gross margin), the comparable gross margin in Q1 2021 versus Q1 2020 was 62.6% and 62.7%, respectively.

**Employee expenses** decreased by -1.9% to MNOK 59.2:

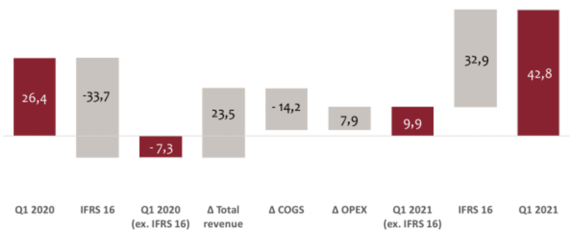
- -3.0 percentage points due to net new and closed stores
- +2.5 percentage points in like-for-like stores due to general salary inflation
- -4.6 percentage points due to fewer employees at HQ in Borås, Sweden
- +3.2 percentage points due to changes in NOKSEK exchange rate

**Other operating expenses** excluding IFRS16, decreased by -7.8% to MNOK 80.3:

- -3.4 percentage points related to retail space and cost for LFL stores, partly due to Covid-19 saving
- -4.4 percentage points related to retail space and cost for net new/closed stores (no new stores and Covid-19 saving of MSEK 1)
- -2.4 percentage points related to decreased marketing costs due to changes to timing of campaigns
- -4.1 percentage points due to a one-off cost from a warehouse relocation last year
- +1.8 percentage points related to other OPEX
- +4.7 percentage points due to changes in NOKSEK exchange rate

**Covid-19 cost reduction effect** during Q1 has been estimated at MNOK 2.5 (MNOK 0) of which reduced employee expenses accounted for MNOK 0.5.

**EBITDA** increased by MNOK 17.2 due to higher gross profit following higher volumes and reduced operating expenses.




**Capital Expenditure** during Q1 amounted to MNOK 5.8 and include opening and refurbishment of stores in Q1.

Three stores were refurbished during the first quarter, and two stores were closed. There were no new or relocated stores in the period. The total number of physical stores (excl. 12 franchise stores) at the end of the quarter was 117 (120).

# Events after the end of the reporting period

The pandemic situation persists with local outbreaks and governmental restrictions affecting our markets in different ways. Kid Group is adapting to these restrictions on a running basis.

As per 12 May 2021, all stores are open.

**Group revenues** were up by 8.8% year-to-date per April.

Since quarter end 31.03.21, Kid ASA has entered into a renewed agreement with Nordea securing a term loan structure of NOK 611.7 million (of which NOK 100 million can be drawn at Kid's discretion with a maximum of two tranches) with annual instalments of NOK 30 million over 5 years.

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

Lier, 12 May 2021

The board of Kid ASA

Petter Schouw-Hansen

Karin Bing Orgland

Rune Marsdal

Liv Berstad

Gyrid Skalleberg Ingerø

# Kid ASA - Group figures Q1 2021

# Financial statements

# Interim consolidated statement of profit and loss

| (Amounts in NOK thousand) | Note | Q1 2021<br>Unaudited | Q1 2020<br>Unaudited | FY 2020<br>Audited |
|---|---|---|---|---|
| Revenue | | 569 815 | 508 034 | 2 994 658 |
| Other operating revenue | | 1 331 | 326 | 1 693 |
| **Total revenue** | | **571 146** | **508 360** | **2 996 351** |
| Cost of goods sold | | -222 043 | -202 726 | -1 128 690 |
| Employee benefits expense | | -139 958 | -141 743 | -607 119 |
| Depreciation and amortisation expenses | 9 | -83 047 | -83 520 | -340 840 |
| Other operating expenses | | -96 426 | -100 409 | -436 973 |
| **Total operating expenses** | | **-541 475** | **-528 398** | **-2 513 622** |
| **Operating profit** | | **29 671** | **-20 039** | **482 730** |
| Financial income | | 2 | 20 697 | 32 299 |
| Financial expense | | -24 341 | -13 771 | -60 735 |
| **Net financial income (+) / expense (-)** | | **-24 339** | **6 926** | **-28 435** |
| **Profit before tax** | | **5 332** | **-13 112** | **454 295** |
| Income tax expense | | -1 551 | 2 794 | -98 196 |
| **Net profit (loss) for the period** | | **3 781** | **-10 319** | **356 098** |
| **Interim condensed consolidated statement of comprehensive income** | | | | |
| Profit for the period | | 3 781 | -10 319 | 356 098 |
| Other comprehensive income | | 39 197 | -4 140 | -56 632 |
| Tax on comprehensive income | | -8 413 | 929 | 12 274 |
| **Total comprehensive income for the period** | | **34 565** | **-13 529** | **311 740** |
| Attributable to equity holders of the parent | | 34 565 | -13 529 | 311 740 |
| **Basic and diluted Earnings per share (EPS):** | | **0,09** | **-0,25** | **8,76** |

# Interim consolidated statement of financial position

| (Amounts in NOK thousand) | Note | 31.03.2021 | 31.03.2020 | 31.12.2020 |
|---|---|---|---|---|
| **Assets** | | Unaudited | Unaudited | Audited |
| Goodwill | 9 | 67 626 | 72 079 | 72 280 |
| Trademark | 9 | 1 511 885 | 1 515 330 | 1 515 485 |
| Other intangible assets | 9 | 6 662 | 10 023 | 5 623 |
| Deferred tax asset | | 7 656 | 26 274 | 15 810 |
| **Total intangible assets** | | **1 593 830** | **1 623 705** | **1 609 197** |
| Right of use asset | 9 | 743 412 | 842 394 | 821 683 |
| Fixtures and fittings, tools, office machinery and equipment | 9 | 199 170 | 178 065 | 199 512 |
| **Total tangible assets** | | **942 582** | **1 020 460** | **1 021 195** |
| **Total fixed assets** | | **2 536 411** | **2 644 165** | **2 630 392** |
| Inventories | | 531 425 | 567 516 | 482 161 |
| Trade receivables | | 9 148 | 6 035 | 18 381 |
| Other receivables | | 51 339 | 13 390 | 32 725 |
| Derivatives | | 2 091 | 20 651 | 0 |
| **Totalt receivables** | | **62 579** | **40 076** | **51 106** |
| Cash and bank deposits | | 91 441 | 69 965 | 301 276 |
| **Total currents assets** | | **685 445** | **677 558** | **834 542** |
| **Total assets** | | **3 221 856** | **3 321 723** | **3 464 935** |

# Interim consolidated statement of financial position

| (Amounts in NOK thousand) | Note | 31.03.2021 | 31.03.2020 | 31.12.2020 |
|---|---|---|---|---|
| **Equity and liabilities** | | Unaudited | Unaudited | Audited |
| Share capital | | 48 770 | 48 774 | 48 770 |
| Share premium | | 321 050 | 321 049 | 321 050 |
| Other paid-in-equity | | 64 617 | 64 617 | 64 617 |
| **Total paid-in-equity** | | **434 440** | **434 440** | **434 437** |
| Other equity | | 785 527 | 723 481 | 750 164 |
| **Total equity** | | **1 219 967** | **1 157 921** | **1 184 601** |
| Deferred tax | | 316 777 | 323 917 | 315 336 |
| **Total provisions** | | **316 777** | **323 917** | **315 336** |
| Lease liabilities | | 511 601 | 596 210 | 585 131 |
| Liabilities to financial institutions | 6 | 453 467 | 511 152 | 461 480 |
| **Total long-term liabilities** | | **965 068** | **1 107 362** | **1 046 612** |
| Lease liabilities | | 249 333 | 228 384 | 234 113 |
| Liabilities to financial institutions | 6 | 60 170 | 108 000 | 60 297 |
| Trade payable | | 100 025 | 107 034 | 92 316 |
| Tax payable | | 61 262 | 29 092 | 87 011 |
| Public duties payable | | 102 842 | 79 215 | 167 402 |
| Other short-term liabilities | | 119 034 | 147 185 | 198 883 |
| Derivatives | | 27 378 | 33 616 | 78 364 |
| **Total short-term liabilities** | | **720 043** | **732 526** | **918 385** |
| **Total liabilities** | | **2 001 888** | **2 163 805** | **2 280 333** |
| **Total equity and liabilities** | | **3 221 856** | **3 321 725** | **3 464 934** |

# Interim consolidated statement of changes in equity

| (Amounts in NOK thousand) | Total paid-in equity | Other equity | Total equity |
|---|---|---|---|
| **Balance at 1 Jan 2020** | **434 440** | **715 721** | **1 150 161** |
| PPA adjustment | | 7 171 | 7 171 |
| **Adjusted Balance at 1 Jan 2020 [1]** | **434 440** | **722 892** | **1 157 332** |
| Profit for the period YTD 2020 | 0 | -10 319 | -10 319 |
| Other comprehensive income / Cash Flow Hedges | 0 | 10 907 | 10 907 |
| Dividend | 0 | 0 | 0 |
| **Balance at 31 Mar 2020** | **434 440** | **723 480** | **1 157 920** |
| | | | |
| **Balance at 1 Jan 2021** | **434 440** | **750 164** | **1 184 601** |
| Profit for the period YTD 2021 | 0 | 3 781 | 3 781 |
| Other comprehensive income / Cash Flow Hedges | 0 | 30 784 | 30 784 |
| Translation differences | 0 | 798 | 798 |
| Dividend | 0 | 0 | 0 |
| **Balance at 31 Mar 2021** | **434 440** | **785 534** | **1 219 964** |

[1] PPA adjustment of deferred tax in Q1 2020.

# Interim consolidated statement of cash flows

| (Amounts in NOK thousand) | Note | Q1 2021 Unaudited | Q1 2020 Unaudited | FY 2020 Audited |
|---|---|---|---|---|
| **Cash Flow from operation** | | | | |
| Profit before income taxes | | 5 332 | -13 113 | 454 295 |
| Taxes paid in the period | | -33 128 | -22 103 | -50 103 |
| Depreciation & Impairment | 9 | 83 047 | 83 520 | 340 840 |
| Effect of exchange fluctuations | | 12 383 | -21 163 | -23 147 |
| **Change in net working capital** | | | | |
| Change in inventory | | -64 340 | -66 054 | 22 777 |
| Change in trade debtors | | 8 600 | 18 197 | 8 685 |
| Change in trade creditors | | 10 461 | -47 057 | -61 333 |
| Change in other provisions [1] | | -128 188 | -107 457 | 57 193 |
| **Net cash flow from operations** | | **-105 832** | **-175 230** | **749 207** |
| **Cash flow from investment** | | | | |
| Purchase of fixed assets | 9 | -13 596 | -8 258 | -65 398 |
| **Net Cash flow from investments** | | **-13 596** | **-8 258** | **-65 398** |
| **Cash flow from financing** | | | | |
| Proceeds from long term loans | | 0 | 25 000 | 25 000 |
| Repayment of revolving credit facility | | 0 | -80 000 | -130 204 |
| Repayment of Term Loans | | -8 678 | 0 | -50 152 |
| Lease payments for principal portion of lease liability | | -67 482 | -50 143 | -274 956 |
| Dividend payment | | 0 | 0 | -284 474 |
| Net interest | | -8 786 | 6 128 | -10 975 |
| **Net cash flow from financing** | | **-84 946** | **-99 015** | **-725 761** |
| Cash and cash equivalents at the beginning of the period | | 301 276 | 339 246 | 339 246 |
| Net change in cash and cash equivalents | | -204 373 | -282 503 | -41 545 |
| Exchange gains / (losses) on cash and cash equivalents | | -5 463 | 13 223 | 3 576 |
| **Cash and cash equivalents at the end of the period** | | **91 441** | **69 966** | **301 276** |

[1] 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. The Kid Group offers a full range of home and interior products, including textiles, curtains, bed linens, smaller furniture, accessories and other interior products. We design, source, market and sell these products through our stores as well as through our online sales platforms.

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 2021 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 2020, 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 2020.

Amendments to IFRSs effective for the financial year ending 31 December 2020 are not expected to have a material impact on the group.

## 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 in 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 2020.

## 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 first quarter, there has not been transactions affecting the segments.

**Q1 2021**

| (Amounts in NOK thousand) | KID Interior | Hemtex | Total |
|---|---|---|---|
| Revenue | 326 077 | 243 738 | 569 815 |
| COGS | -126 881 | -95 162 | -222 043 |
| Gross profit | 199 196 | 148 576 | 347 772 |
| Other operating revenue | 493 | 838 | 1 331 |
| Operating expense (OPEX) | -129 776 | -106 608 | -236 385 |
| EBITDA | 69 913 | 42 806 | 112 718 |
| Operating profit | 24 046 | 5 625 | 29 671 |
| | | | |
| Gross margin (%) | 61,1 % | 61,0 % | 61,0 % |
| OPEX to sales margin (%) | 39,8 % | 43,7 % | 41,5 % |
| EBITDA margin (%) | 21,4 % | 17,5 % | 19,7 % |
| | | | |
| Inventory | 308 500 | 222 925 | 531 425 |
| Total assets | 2 450 921 | 770 935 | 3 221 856 |

Certain group costs have been booked in Kid Interior and in the parent company Kid ASA and are allocated to the respective segments based on common accepted methodology. For 2020 the cost allocation was performed in Q4 for the entire year but starting 2021 performed on a quarterly basis. Hence, for reason of comparison, Q1 2020 figures have been restated. Please refer below table for details.

**Segment allocated costs**

| (MNOK) | Q1 2021 | Q1 2020 | Q2 2021 | Q2 2020 | Q3 2021 | Q3 2020 | Q4 2021 | Q4 2020 | Total year 2021 | Total year 2020 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Kid ASA and Kid Interior** | | | | | | | | | | |
| Segment allocated employee benefits expense | 0,8 | 2,3 | | 2,4 | | 3,2 | | 2,1 | 0,8 | 10,0 |
| Segment allocated other operating expense | 1,7 | 0,1 | | 0,3 | | 0,3 | | 1,0 | 1,7 | 1,7 |
| **Hemtex** | | | | | | | | | | |
| Segment allocated employee benefits expense | -0,8 | -2,3 | | -2,4 | | -3,2 | | -2,1 | -0,8 | -10,0 |
| Segment allocated other operating expense | -1,7 | -0,1 | | -0,3 | | -0,3 | | -1,0 | -1,7 | -1,7 |

## 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 Q1 2021 Kid ASA repaid NOK 8,333 of the outstanding TL C facility. At the balance sheet date, the Group has the following borrowing facilities:

| (Amounts in NOK thousand) | Utilised 31.03.2021 | 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 | 16 667 | 25 000 | 3 months Nibor + 1.30% | 3 years | Installments [2] |
| 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 |
| | **511 667** | **947 000** | | | |

[1] NOK 50,000 thousand annually in annual installments

[2] NOK 8,333 thousand anually 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. Furthermore, the overdraft facility is in 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 2021 | Q1 2020 | FY 2020 |
|---|---|---|---|
| Weighted number of ordinary shares | 40 645 162 | 40 645 162 | 40 645 162 |
| Net profit or loss for the year | 3 781 | -10 319 | 356 098 |
| **Earnings per share (basic and diluted) (Expressed in NOK per share)** | **0,09** | **-0,25** | **8,76** |

## 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 2021 and 2020:

| Related Party Transactions | Q1 2021 | Q1 2020 |
|---|---|---|
| Vågsgaten Handel AS with subsidiaries (Store rental) | 280 | 277 |
| Management for Hire | 0 | 375 |
| **Total** | 280 | 652 |

## Note 9 Fixed assets and intangible assets

| (amounts in NOK thousand) | Right of use Asset | PPE | Trademark | Other Intangibles | Goodwill |
|---|---|---|---|---|---|
| **Balance 01.01.2021** | **821 683** | **199 513** | **1 515 484** | **5 622** | **72 281** |
| *Exchange differences* | *-16 418* | *-1 141* | *-3 599* | *-664* | *-4 655* |
| Additions, disposals and adjustments | 4 263 | 16 642 | - | 2 792 | - |
| Depreciation and amortisation | -66 117 | -15 844 | - | -1 087 | - |
| **Balance 31.03.21** | **743 411** | **199 170** | **1 511 885** | **6 663** | **67 626** |

| (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* | *22 990* | *4 958* | *5 164* | *671* | *6 677* |
| Additions, disposals and adjustments | 67 481 | 7 853 | - | 424 | - |
| Depreciation and amortisation | -70 681 | -13 984 | - | -1 156 | - |
| **Balance 31.03.2020** | **842 394** | **178 065** | **1 515 330** | **10 023** | **72 079** |

# 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.