



Kid ASA

16 February 2022

**Q4 2021**

Presentation available  
at [investor.kid.no](https://investor.kid.no)

# Financial fourth quarter in brief

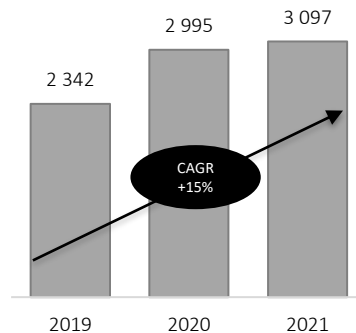
- 7<sup>th</sup> consecutive quarter with year-on-year increased Earnings Per Share
- Group revenues increased by +2.5% (+6.6%) and LFL by 0.2%<sup>1</sup> (7.4%<sup>1</sup>).
  - Significant increase in revenues from late November as delayed Christmas assortment arrived
  - LFL growth of -3.8% (13.6%) in Kid Interior and 7.8% (-1.9%) in Hemtex
  - Online growth of 4.7% (59.2%) in Kid Interior and -0.8% (46.4%) in Hemtex
- Gross margin of 63.4% representing an increase of 0.3 percentage points driven by successful pricing, campaigning and a change in product mix, offsetting higher freight costs
- EBITDA excl. IFRS16 effects increased by MNOK 2.1 to MNOK 301.4
- The Board propose a half-year dividend payment of NOK 4.00 per share following strong financial performance and solid liquidity position



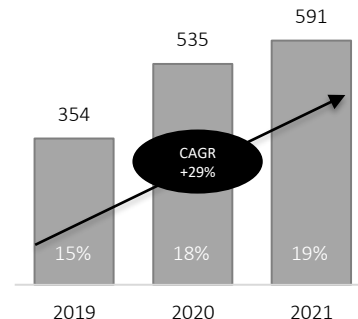
# Full year financial summary

- Strong financial performance
  - Group revenue growth of 3.4%, surpassed NOK 3 bn
  - EBITDA (excl. IFRS16) growth of 10.6%
  - EBITDA margin (excl. IFRS16) increased from 17.8% to 19.1%
  - EPS growth of 8% to NOK 9.46 (NOK 8.76)
- Online growth of 21.7%, online accounted for 10.2% (8.7%<sup>2</sup>) of total revenues
- Hemtex EBITDA (excl. IFRS16) of MNOK 172 which surpassed the acquisition target for 2023
- Strong gross margin of 62.6% (62.3%) on back of increased cost of raw materials and freights
- Full-year dividend of NOK 8.60 per share (incl. pre-payment of NOK 4.60 in November 2021), equivalent to a pay-out ratio of 91%

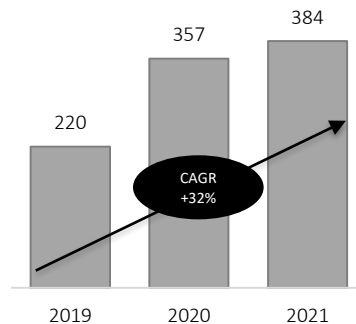
GROUP REVENUE<sup>1</sup>



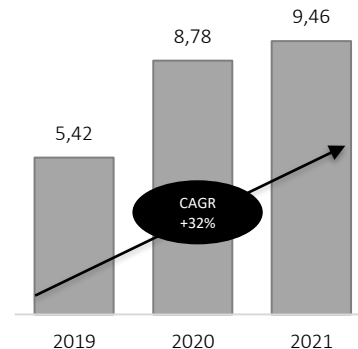
EBITDA (excl. IFRS16)<sup>1</sup>



ADJ. NET INCOME<sup>1</sup>



ADJ. EPS<sup>1</sup>



# Operational focus in Q4

- New group e-commerce platform launched in Estonia
- Implementation of “Click & Collect” in Hemtex during Q3 generated increased footfall to physical stores
- Successful introduction of a broader assortment of Christmas seasonal products in Hemtex and piloting of the “Funkle” lamp collection
- Five new stores opened, and six stores refurbished and relocated
- Raised MNOK 2.2 to the Pink Ribbon campaign in Norway and SOS Children’s Villages in Sweden
- COVID-19 restrictions were most stringent in Finland and Sweden, but we managed to adapt and adjust our operations accordingly

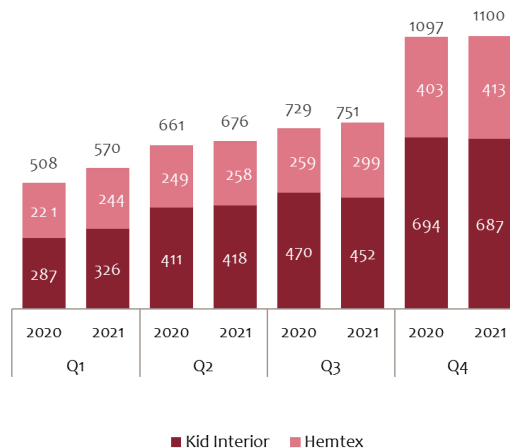


# Revenues

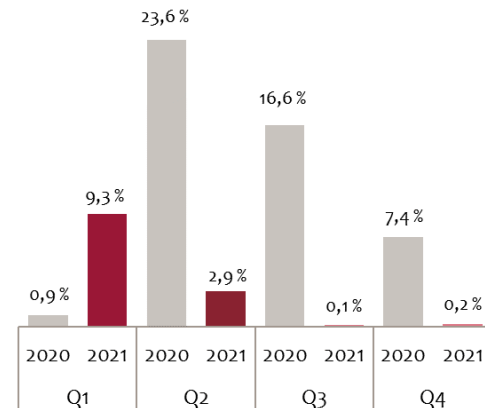
## Group revenues increased by 2.5%<sup>1</sup> (6.6%<sup>1</sup>)

- Group like-for-like increased by 0.2% (7.4%) including online sales
- Kid Interior revenue decline of -1.0% (15.3%)
  - Like-for-like decline of -3.8% (13.6%) including online sales
  - Online sales growth of 4.7% to MNOK 51.5 (MNOK 49.2)
- Hemtex revenues increased by 9.0% (-5.7%) in local currency
  - Reported revenues including FX-effects increased by 2.5%
  - Like-for-like growth of 7.8% (-1.9%) including online sales
  - Online sales decline of -0.8% to MSEK 55.0 (MSEK 55.4).

## Revenues (MNOK)



## Group like-for-like growth (%)

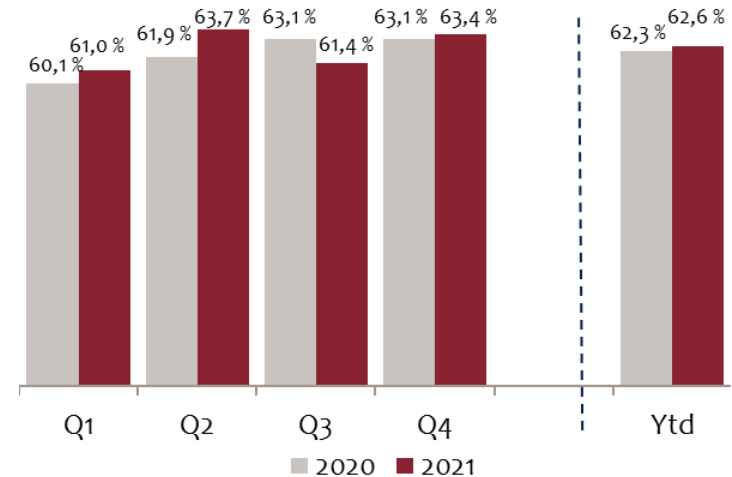


# Gross margin

## Group gross margin of 63.4% in Q4

- Group gross margin was 63.4 % for the quarter, up by 0.3 pp compared to Q4 2020
  - Kid Interior increased gross margin by 0.1 pp to 63.4% (63.3%)
  - Hemtex increased gross margin by 0.9 pp to 63.5% (62.6%)
- Increased freight costs have influenced margins negatively, but has been compensated by successful campaigning, pricing, favourable product mix and improved FX-rates

## Group gross margins



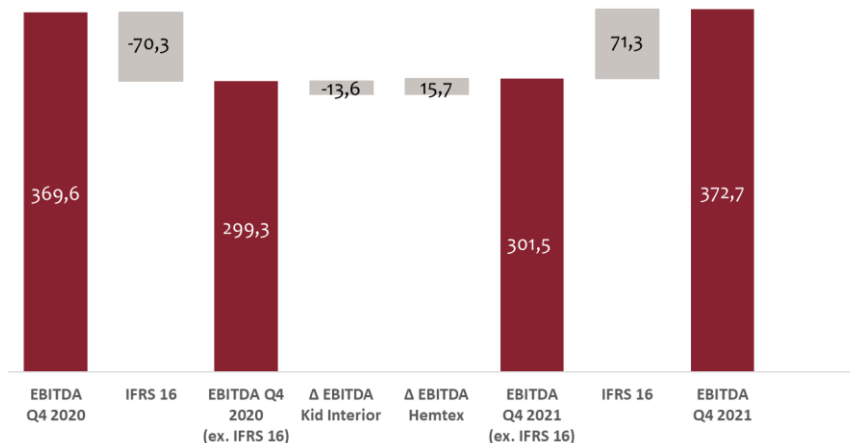


# EBITDA

## EBITDA of 372.7 (369.6) in Q4

- EBITDA excl. IFRS16 of MNOK 301.5 (MNOK 299.3)
- Kid Interior EBITDA excl. IFRS16 of MNOK 203.0 (MNOK 216.6)
  - The reduction in EBITDA of MNOK 13.6 was mainly caused by reduced revenues and increased employee benefits expenses
  - Estimated COVID-19 cost saving effects of MNOK 2.9 ( MNOK 4.7) and bonus provision of MNOK 12.4 (MNOK 9.2)
- Hemtex EBITDA excl. IFRS16 of MNOK 98.4 (MNOK 82.7)
  - The increased in EBITDA of MNOK 15.7 was mainly caused by increased revenues
  - MNOK 5.0 in other income following a pay-out from the Swedish pensions association (FORA)
  - Estimated COVID-19 cost saving effects of MNOK 0.0 ( MNOK 3.1) and bonus provision of MNOK 1.4 (MNOK 0.6)

## EBITDA Q4 2021 vs. Q4 2020



# Cash flow

(Amounts in NOK million)	Q4 2021	Q4 2020	FY 2021	FY 2020
Net cash flow from operations	464,2	523,9	660,5	749,2
Net Cash flow from investments	-23,8	-27,2	-79,4	-65,4
Net cash flow from financing	-293,3	-365,5	-643,7	-725,4
<b>Net change in cash and cash equivalents</b>	<b>147,1</b>	<b>131,2</b>	<b>-62,6</b>	<b>-41,5</b>
Cash and cash equivalents at the beginning of the period	93,0	173,7	301,3	339,2
Exchange gains / (losses) on cash and cash equivalents	-0,8	-3,7	0,7	3,6
<b>Cash and cash equivalents at the end of the period</b>	<b>239,3</b>	<b>301,3</b>	<b>239,3</b>	<b>301,3</b>

## Working Capital

(Amounts in NOK million)	Q4 2021	Q4 2020	FY 2021	FY 2020
Change in inventory	-66,5	76,5	-180,3	22,8
Change in trade debtors	-7,4	-10,9	-4,4	8,7
Change in trade creditors	81,7	37,3	71,2	-61,3
Change in other provisions <sup>1</sup>	128,9	70,2	41,6	57,2
<b>Change in working capital</b>	<b>136,7</b>	<b>173,0</b>	<b>-71,9</b>	<b>27,3</b>

## Solid financial position and liquidity

- Cash flow from operations decreased by MNOK 59.7 compared to Q4 2020
  - Negative cash effect from increased inventory because of earlier deliveries, increased number of stores and product categories expansion. MNOK 40 of the inventory increase is due to changes in payment method with neutral effect on working net capital
  - Positive effect from increased trade creditors due to increased purchase/inventory, and other provisions due to increased goods in transit, increased bonus provision and public duties payable
- Cash flow from investments reflects CAPEX in stores and new online platform
- Cash flow from financing includes dividend payment of MNOK 187 in November and an MNOK 30 instalment on term loan
- Gearing ratio, excl. IFRS16 effects, of 0.53x (0.40x)
- Net interest-bearing debt excl. IFRS16 leasing liabilities of MNOK 309.1 (MNOK 220.5)
- Cash and available credit facilities of MNOK 651.3 (MNOK 678.3) by the end of the quarter

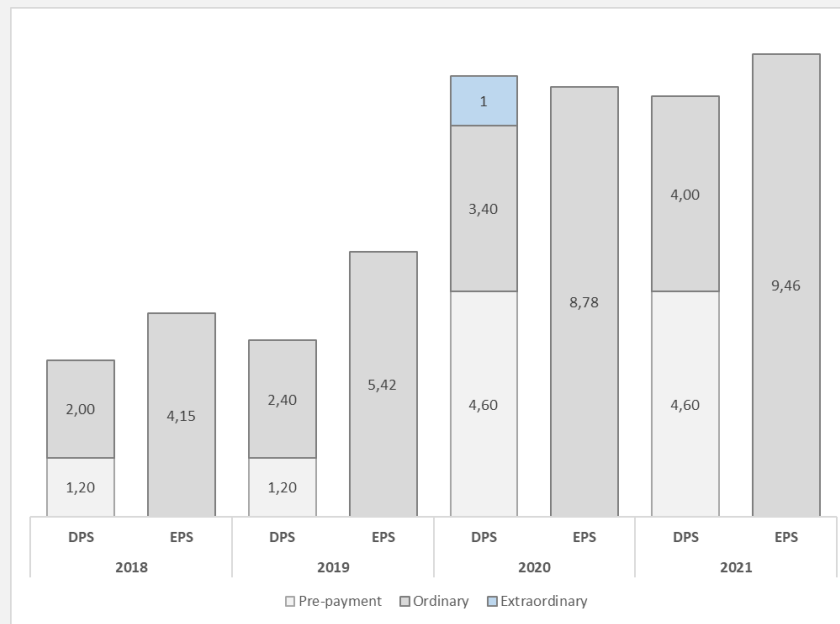


# Dividend

## Payout ratio 91%

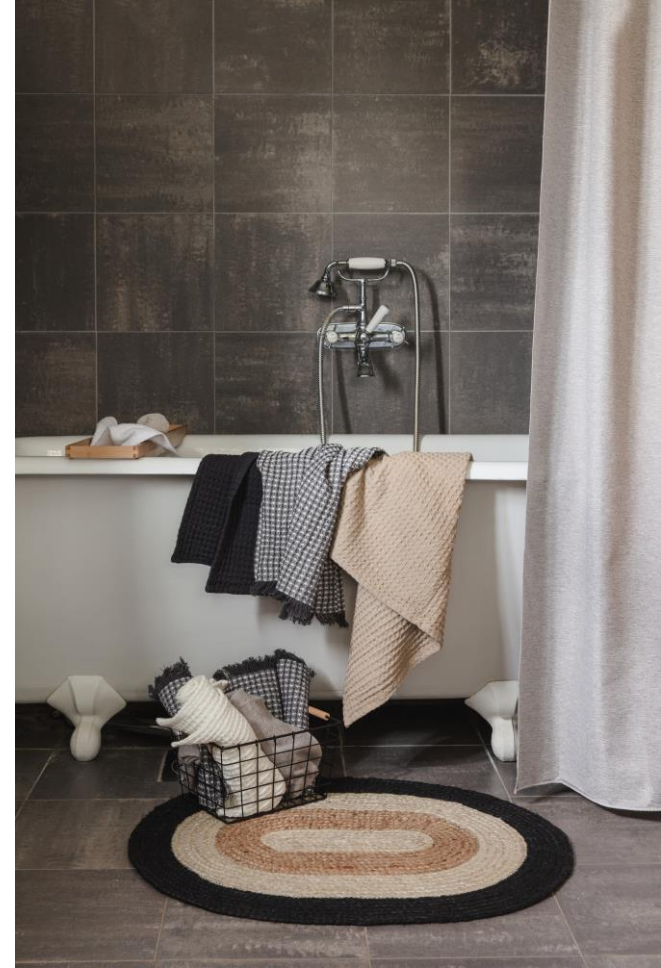
- The Board of Directors will propose to the Annual General Meeting a dividend of NOK 4.00 share to be paid 27 May 2022
- Including dividend pre-payment of NOK 4.60 in November 2021, the ordinary dividends for 2021 is NOK 8.60, i.e. a payout ratio of 91%
- The proposed payout details are:
  - Last day including right: 12 May 2022
  - Ex-date: 13 May 2022
  - Record date: 16 May 2022
  - Payment date: 27 May 2022
  - Date of approval: 12 May 202 (Annual General Meeting)
- Kid's dividend policy remains unchanged with a target of 80-100 percent dividend payout ratio with semi-annual payments. The distribution policy is dynamic, and any excess capital will be returned to shareholders

## Dividend per share (DPS) and Adj<sup>1</sup> Earnings per share (EPS)



# Outlook

- Strong pipeline for optimizing the store portfolio
- New warehouse facility in Borås (Sweden) for Hemtex expected to be in operation during spring 2023
- The global freight situation which is causing delays and increased spot rates remains a challenge. However...
  - Spring and summer collections expected to arrive on-time
  - Signs indicating markets are normalizing, but too early to conclude
  - We remain confident with regards to our Financial Objectives
- We are looking forward to presenting our 2022 Summer and Outdoor collection, and to a continued expansion of the product range in Hemtex







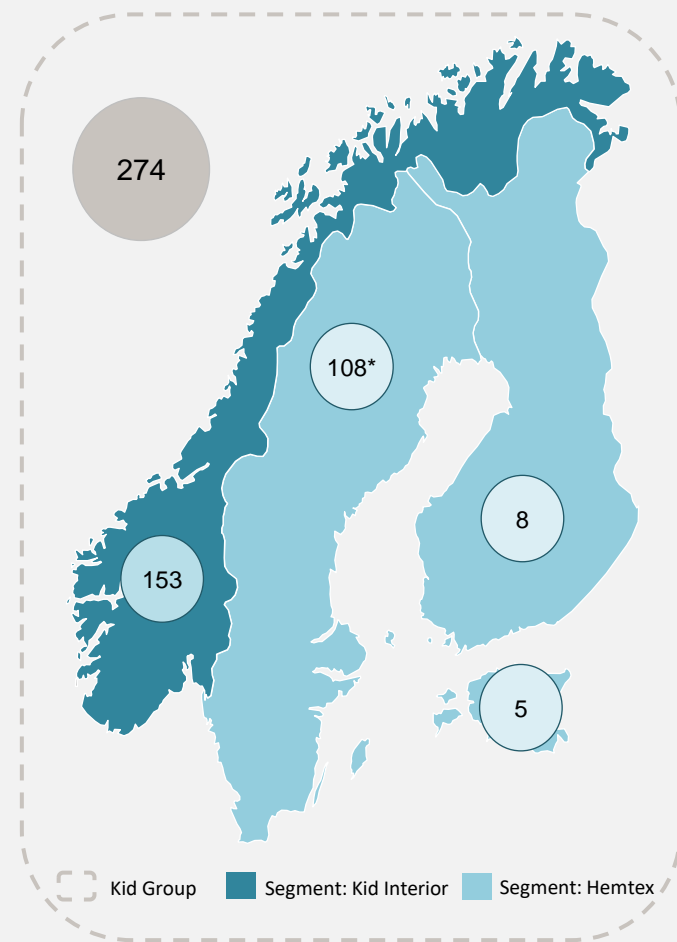
# Q&A

Kid



# Increased store portfolio activity

	Completed year to date	Signed, but not yet completed
<b>New stores</b>	NO: Holmestrand (Q1 21) NO: Digerneset (Q2 21) NO: Rortunet (Q4 21) NO: Mosjøen (Q4 21) NO: Storgata (Q4 21) NO: Holmlia senter (Q4 21) SE: Amiralen, Karlskrona (Q2 21) SE: Gustav Adolfs Torg, Malmö (Q3 21) SE: Folkesta, Eskilstuna (Q3 21) SE: Drottninggatan (Q4 21)	NO: Skøyen (Q2 22) NO: Bryn (Q3 22) NO: Grünerløkka (Q4 23) NO: Fredrikstad (Q4 23)
<b>Closures</b>	SE: 1 closed store FI: 1 closed store	SE: 2 stores
<b>Relocations</b>	NO: 5 stores SE: 2 store	NO: 2 stores SE: 4 stores
<b>Refurbishment</b>	NO: 12 stores SE: 7 stores FI: 1 store EE: 1 store	NO: 4 stores SE: 2 stores



# Segment: Kid Interior

## KID Interior

(Amounts in NOK millions)	Q4 2021	Q4 2020 <sup>1</sup>	FY 2021	FY 2020 <sup>1</sup>
<b>Revenue</b>	<b>687,4</b>	<b>694,2</b>	<b>1 883,5</b>	<b>1 862,8</b>
Revenue growth	-1,0%	15,3 %	1,1 %	16,0 %
LFL growth including online sales	-3,8%	13,6 %	-1,8%	14,8 %
COGS	-251,9	-254,5	-702,3	-703,1
<b>Gross profit</b>	<b>435,5</b>	<b>439,6</b>	<b>1 181,2</b>	<b>1 159,7</b>
Gross margin (%)	63,4 %	63,3 %	62,7 %	62,3 %
Other operating revenue	0,0	0,1	0,5	0,2
Employee benefits expense	-116,7	-109,3	-367,2	-368,8
Other operating expense	-115,8	-113,8	-395,9	-376,8
Other operating expense - IFRS 16 effect	39,9	36,8	159,8	150,9
<b>EBITDA</b>	<b>242,9</b>	<b>253,4</b>	<b>578,5</b>	<b>565,2</b>
EBITDA margin (%)	35,3 %	36,5 %	30,7 %	30,3 %
No. of shopping days	81	80	308	308
No. of physical stores at period end	153	147	153	147



# Segment: Hemtex

## Hemtex

(Amounts in NOK millions)	Q4 2021	Q4 2020 <sup>1</sup>	FY 2021	FY 2020 <sup>1</sup>
<b>Revenue</b>	<b>413,0</b>	<b>403,0</b>	<b>1 213,6</b>	<b>1 131,8</b>
Revenue growth <sup>2</sup>	9,0 %	-5,7%	10,1 %	1,1 %
LFL growth including online sales <sup>2</sup>	7,8 %	-1,9%	9,8 %	6,7 %
COGS	-150,6	-150,7	-457,2	-420,7
<b>Gross profit</b>	<b>262,4</b>	<b>252,4</b>	<b>756,4</b>	<b>711,1</b>
Gross margin (%)	63,5 %	62,6 %	62,3 %	62,8 %
Other operating revenue	6,2	0,9	9,5	1,4
Employee benefits expense	-69,3	-65,4	-250,0	-237,4
Other operating expense	-100,8	-105,2	-343,9	-349,5
Other operating expense - IFRS 16 effect	31,3	33,5	127,2	138,7
<b>EBITDA</b>	<b>129,7</b>	<b>116,1</b>	<b>299,1</b>	<b>264,3</b>
EBITDA margin (%)	30,9 %	28,8 %	24,5 %	23,3 %
No. of shopping days	91	91	363	362
No. of physical stores at period end (excl. franchise)	121	119	121	119





# Income statement

(Amounts in NOK thousand)	Q4 2021	Q4 2020	FY 2021	FY 2020
Revenue	1 100,4	1 097,2	3 097,1	2 994,7
COGS	-402,5	-405,2	-1 159,5	-1 128,7
<b>Gross profit</b>	<b>697,9</b>	<b>692,0</b>	<b>1 937,6</b>	<b>1 866,0</b>
Gross margin (%)	63,4 %	63,1 %	62,6 %	62,3 %
Other operating revenue	6,2	0,9	10,0	1,7
OPEX	-331,4	-323,4	-1 070,0	-1 044,1
<b>EBITDA</b>	<b>372,7</b>	<b>369,6</b>	<b>877,6</b>	<b>823,6</b>
EBITDA margin (%)	33,7 %	33,7 %	28,2 %	27,5 %
Depreciation and amortisation	-85,6	-86,8	-336,4	-340,8
<b>EBIT</b>	<b>287,1</b>	<b>282,8</b>	<b>541,2</b>	<b>482,7</b>
EBIT margin (%)	25,9 %	25,8 %	17,4 %	16,1 %
Net finance	-11,7	-13,9	-56,0	-28,4
<b>Profit before tax</b>	<b>275,3</b>	<b>268,9</b>	<b>485,2</b>	<b>454,3</b>
<b>Net profit</b>	<b>219,1</b>	<b>209,7</b>	<b>384,4</b>	<b>356,1</b>

# Statement of financial position

(Amounts in NOK thousand)	Note	31.12.2021	31.12.2020
Assets		Unaudited	Audited
Goodwill	9	70 286	72 280
Trademark	9	1 511 788	1 515 485
Other intangible assets	9	19 096	5 623
Deferred tax asset		22 968	15 810
<b>Total intangible assets</b>		<b>1 624 140</b>	<b>1 609 197</b>
Right of use asset	9	756 941	821 683
Fixtures and fittings, tools, office machinery and equipment	9	203 158	199 512
<b>Total tangible assets</b>		<b>960 099</b>	<b>1 021 195</b>
Investments in associated companies and joint ventures	10	30	0
<b>Total financial fixed assets</b>		<b>30</b>	<b>0</b>
<b>Total fixed assets</b>		<b>2 584 268</b>	<b>2 630 392</b>
Inventories		646 764	482 161
Trade receivables		21 999	18 381
Other receivables		25 023	32 725
Derivatives		17 439	0
<b>Total receivables</b>		<b>64 461</b>	<b>51 106</b>
Cash and bank deposits		239 331	301 276
<b>Total currents assets</b>		<b>950 556</b>	<b>834 542</b>
<b>Total assets</b>		<b>3 534 824</b>	<b>3 464 935</b>

(Amounts in NOK thousand)	Note	31.12.2021	31.12.2020
Equity and liabilities		Unaudited	Audited
Share capital		48 770	48 770
Share premium		321 050	321 050
Other paid-in-equity		64 617	64 617
<b>Total paid-in-equity</b>		<b>434 440</b>	<b>434 437</b>
Other equity		828 223	750 164
<b>Total equity</b>		<b>1 262 663</b>	<b>1 184 601</b>
Deferred tax		332 280	315 336
<b>Total provisions</b>		<b>332 280</b>	<b>315 336</b>
Lease liabilities		517 550	585 131
Liabilities to financial institutions	6	451 628	461 480
<b>Total long-term liabilities</b>		<b>969 177</b>	<b>1 046 612</b>
Lease liabilities		249 737	234 113
Liabilities to financial institutions	6	95 000	60 297
Trade payable		159 751	92 316
Tax payable		90 335	87 011
Public duties payable		172 851	167 402
Other short-term liabilities		197 865	198 883
Derivatives		5 166	78 364
<b>Total short-term liabilities</b>		<b>970 705</b>	<b>918 385</b>
<b>Total liabilities</b>		<b>2 272 162</b>	<b>2 280 333</b>
<b>Total equity and liabilities</b>		<b>3 534 824</b>	<b>3 464 935</b>

# Allocated segment costs

## 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
<b>Kid ASA and Kid Interior</b>										
Segment allocated employee benefits expense	0,8	2,3	5,2	2,4	3,6	3,2	6,1	2,1	15,6	10,0
Segment allocated other operating expense	1,7	0,1	1,0	0,3	1,3	0,3	2,6	1,0	6,5	1,7
<b>Hemtex</b>										
Segment allocated employee benefits expense	-0,8	-2,3	-5,2	-2,4	-3,6	-3,2	-6,1	-2,1	-15,6	-10,0
Segment allocated other operating expense	-1,7	-0,1	-1,0	-0,3	-1,3	-0,3	-2,6	-1,0	-6,5	-1,7

# Quarterly revenue growth

Kid Interior				
Total growth				
Year	Q1	Q2	Q3	Q4
2019	8,4 %	14,2 %	4,6 %	11,0 %
2020	-3,6 %	28,0 %	22,1 %	15,3 %
2021	13,6 %	1,7 %	-3,9 %	-1,0 %
Like-for-like growth				
Year	Q1	Q2	Q3	Q4
2019	5,1 %	11,0 %	2,0 %	8,8 %
2020	-4,0 %	27,1 %	20,9 %	13,6 %
2021	10,3 %	-0,9 %	-7,1 %	-3,8 %

Hemtex				
Total growth				
Year	Q1	Q2	Q3	Q4
2019		-1,8 %	11,1 %	19,6 %
2020	6,6 %	14,7 %	-3,7 %	-5,7 %
2021	6,4 %	7,7 %	17,4 %	9,0 %
Like-for-like growth				
Year	Q1	Q2	Q3	Q4
2019		3,2 %	3,2 %	22,0 %
2020	7,9 %	18,0 %	9,2 %	-1,9 %
2021	7,8 %	9,8 %	14,6 %	7,8 %

# Sales days and stores

## Kid Interior

### Number of sales days

Year	Q1	Q2	Q3	Q4	Total
2020	77	72	79	80	308
2021	77	71	79	81	308

### Number of store projects

2020	Q1	Q2	Q3	Q4	Total
New stores	0	0	0	4	4
Closed stores	1	0	0	0	1
Relocated stores	0	0	0	1	1
Refurbished stores	2	2	2	2	8

Total number of stores 143 143 143 147

2021	Q1	Q2	Q3	Q4	Total
New stores	1	1	0	4	6
Closed stores	0	0	0	0	0
Relocated stores	3	1	1	0	5
Refurbished stores	2	4	2	3	11

Total number of stores 148 149 149 153

Total number of LFL stores 143 143 143 143

## Hemtex

### Number of sales days

Year	Q1	Q2	Q3	Q4	Total
2020	90	90	92	91	363
2021	89	90	92	91	362

### Number of store projects

2020	Q1	Q2	Q3	Q4	Total
New stores	0	0	1	1	2
Closed stores	3	0	3	0	6
Relocated stores	0	0	1	1	2
Refurbished stores	3	0	2	3	8

Total number of stores\* 132 132 130 131

2021	Q1	Q2	Q3	Q4	Total
New stores	0	1	2	1	4
Closed stores	2	0	0	0	2
Relocated stores	0	0	1	1	2
Refurbished stores	3	4	0	2	9

Total number of stores\* 129 130 132 133

Total number of LFL stores\* 127 127 127 127

\*incl franchise stores

# Financial Objectives

## Financial performance

<b>Sales</b>	<ul style="list-style-type: none"><li>Like-for-Like growth of 3-4% in a normalised market</li></ul>
<b>Gross profit</b>	<ul style="list-style-type: none"><li>Stable gross margins in line with the past 10 years</li></ul>
<b>OPEX</b>	<ul style="list-style-type: none"><li>OPEX relative to sales below 45 %</li></ul>

## Store portfolio

<b>Stores</b>	<ul style="list-style-type: none"><li>An optimized portfolio of approximately 300 fully owned stores</li></ul>
<b>CAPEX</b>	<ul style="list-style-type: none"><li>Kid group targets annual maintenance CAPEX of MNOK 80-90 (incl. relocations and refurbishments)</li><li>Capex for a new store opening in the range of MNOK 2</li></ul>

## Dividend Policy & capital structure

<b>Dividend</b>	<ul style="list-style-type: none"><li>Kid target a pay-out ratio of 80-100% of adjusted net profit</li><li>Semi-annual dividend payments</li><li>The company will deploy a dynamic distribution policy, and any excess capital will be returned to shareholders</li></ul>
<b>Balance sheet</b>	<ul style="list-style-type: none"><li>The company's leverage policy is to run the business with moderate leverage and maintain an efficient balance sheet</li></ul>