# Kid ASA

## Interim report Q1 2022

# Dear Shareholders

**Q1 was yet another strong quarter for the Kid Group. Continued revenue growth and maintained strong gross margin. Costs increased mainly due to one-off Covid-19 cost reduction effects last year. These are the key takeaways from the first quarter:**

- New products and categories remain a significant growth driver. Categories launched since 2017 have added 257 million in revenues in 2021 and 58 million in Q1 2022, compared to 44 million in Q1 2021. These categories include kitchen accessories, lamps and lightning, larger carpets and outdoor furniture. Based on this we are further expanding these categories and launching new ones. Some of the new categories are currently available only online and in selected stores, but we intend to widen the distribution and increase the areas of our smaller stores to make room for our full assortment.
- To mitigate the risk of delays we decided to place orders earlier than normal this year. Our spring collection was somewhat delayed, as expected, but our summer collection has so far been delivered to our warehouses on time, which has contributed to increased inventory compared to last year.
- We have reviewed the potential for new stores in our current markets. Based on this analysis, we have increased the total number of potential stores from approx. 300 to approx. 320. Furthermore, refurbishing and expanding our current stores continue to drive growth, and we have therefore decided to increase our maintenance CapEx from the current level of MNOK 80-90 to up till MNOK 100 on an annual basis. As per today, we have signed up for 17 stores to be refurbished, relocated and/or expanded in 2022.
- The new warehouse in Sweden is proceeding according to plan, and we are still aiming for opening in Q2 2023. We have now signed an agreement to install Autostore inventory automation system as in our warehouse in Norway. The total investments related to the new warehouse, including offices and inventory fittings and systems, is estimated at NOK 100 million which will be financed through increased long-term debt.
- As the storage capacity in Norway is about to reach its limits during peak seasons, we will from Q3 2023 also use the new warehouse in Sweden to handle part of the Kid Interior inventory which will also increase flexibility in our inventory across markets.
- 52% (40%) of our assortment in 2021 was labelled “act with the heart” which contributes to a positive impact on both people and planet. Our sustainable goals going forward include increased share of such products, and during 2022 we will set Science Based Targets to reduce our climate emissions according to the Paris Agreement. Furter details are available in our Sustainability Report for 2021.

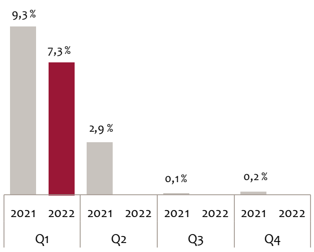
We have delivered a good start to the spring and summer season, and we are looking forward to continuing presenting new collections and categories and remain confident that these will keep on inspiring current and new customers.

Yours sincerely,

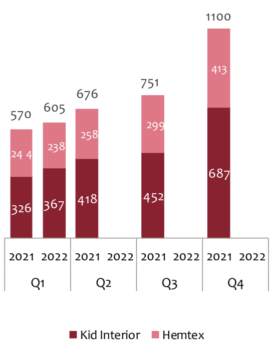
# First quarter in brief

- ✓ Group revenues increased by 9.3%, like-for-like growth (including online sales) increased by 7.3% and online sales decreased by -12.1%.
- ✓ Gross margin maintained (+0.2 percentage points) at 61.2% on the back of increased freight costs and raw materials cost.
- ✓ OPEX-to-sales (excluding IFRS 16) was 55.3% (54.3%), and 55.5% (55.6%) when adding back last year's Covid-19 related cost reduction effects.
- ✓ EBITDA decreased by MNOK 2.3 to MNOK 110.4 (MNOK 112.7)
- ✓ LTM gearing ratio excluding IFRS16 effects was 1.06 (0.75) by the end of the quarter

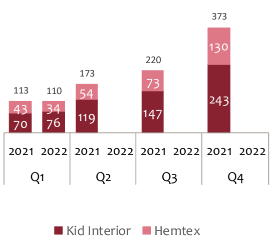
**LFL growth (%), Group**




**Revenue, MNOK**




**EBITDA, MNOK**




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

# Alternative Performance Measures

| (Amounts in NOK million) | Q1 2022 | Q1 2021 | FY 2021 |
|---|---|---|---|
| **Revenue** | **604,6** | **569,8** | **3 097,1** |
| Like-for-like growth including online sales [1] | 7,3 % | 9,3 % | -1,8 % |
| COGS | -234,5 | -222,0 | -1 159,5 |
| **Gross profit** | **370,1** | **347,8** | **1 937,6** |
| **Gross margin (%)** | **61,2%** | **61,0%** | **62,6%** |
| Other operating income | 0,7 | 1,3 | 10,0 |
| Employee benefits expense | -153,1 | -140,0 | -617,3 |
| Other operating expense | -181,2 | -169,7 | -739,8 |
| Other operating expense - IFRS 16 effect | 73,9 | 73,2 | 287,0 |
| **OPEX** | **-260,4** | **-236,4** | **-1 070,0** |
| **EBITDA** | **110,4** | **112,7** | **877,6** |
| **EBITDA margin (%)** | **18,2%** | **19,7%** | **28,2%** |
| Depreciation | -18,7 | -16,9 | -70,1 |
| Depreciation - IFRS 16 effect | -67,9 | -66,1 | -266,3 |
| **EBIT** | **23,7** | **29,7** | **541,2** |
| **EBIT margin (%)** | **3,9%** | **5,2%** | **17,4%** |
| Net financial income (expense) | -4,8 | -17,3 | -29,1 |
| Net financial expense - IFRS 16 effect | -6,8 | -7,1 | -26,9 |
| Share of result from joint ventures | -0,7 | 0,0 | 0,0 |
| **Profit before tax** | **11,5** | **5,3** | **485,2** |
| **Net income** | **8,7** | **3,8** | **384,4** |
| **Earnings per share** | **0,21** | **0,09** | **9,46** |
| Liabilities to financial institutions | -620,0 | -513,6 | -546,6 |
| Lease liabilities - IFRS 16 effect | -748,9 | -760,9 | -767,3 |
| Cash | 0,0 | 91,4 | 239,3 |
| **Net interest bearing debt** | **-1 368,9** | **-1 183,1** | **-1 074,6** |

[1] *Calculated in constant currency*

# Financial review for the Kid Group

Q1 2022 was the 8th consecutive quarter with year-on-year EPS growth. Last year's COVID-19 restrictions with temporary store closures, as well as the timing of Easter (which occurred a few weeks later in 2022) make comparison between Q1 2022 and Q1 2021 challenging.

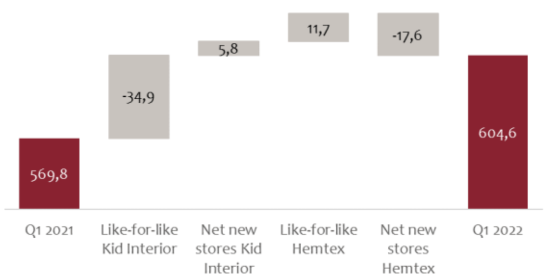
The reduction in EBITDA of MNOK 2.3 was mainly caused by lower cost base last year following bonus reversals and one-off effects related to COVID-19 cost reductions. The Covid-19 cost reduction effect in the quarter is estimated at MNOK 1.3 (MNOK 7.2).

**Revenues**

Group revenues increased by +9.3% (10.4%) to MNOK 604.6 (MNOK 569.8) based on a constant currency calculation, and by +6.2% when applying actual currency. Group revenues on a like-for-like basis were up by +7.3% (9.3%).

Both Kid Interior and Hemtex experienced significant increase in footfall to physical stores while Online -traffic was reduced.

**Q1 2021 vs Q1 2022 revenue bridge, MNOK**

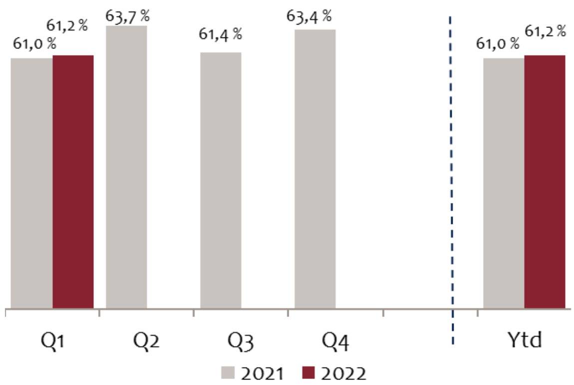



**Gross profit** increased by MNOK 22.3 to MNOK 370.1 with **Gross margin** at 61.2%, up 0.2 percentage points compared to Q1 2021.

Freight costs remained high in Q1 2022 and is expected to remain at these higher levels going forward. The raw materials cost has also increased while FX-rates have improved (stronger NOK/USD compared to last year).

We have planned for increased sourcing costs, and we therefore remain confident of our Financial Objectives, despite increased raw material costs.

**Gross margin:**




**Employee benefits expenses** increased by +9.4% to MNOK 153.1:

- +2.4 percentage points due to net new stores
- +1.9 percentage points in LFL stores mainly due to reduced opening hours and closed stores last year as well as general salary increase partly offset by Covid-19 governmental support of MNOK 1.0 this year.
- +1.8 percentage points mainly related to lower reversal of bonus accrual for 2021 compared to the amount reversed last year
- +3.3 percentage points in headquarter costs mainly due to increased number of personnel at HQ, increased logistics activity and general salary increase as well as less Covid-19 cost reduction effect this quarter of MNOK 1.1

FX-effects represented a decrease in employee benefit expenses of approximately MNOK 3.9 following a weaker SEK/NOK in Q1 2022 compared to Q1 2022.

**Other operating expenses** including IFRS 16 increased by 11.3% to MNOK 107.3:

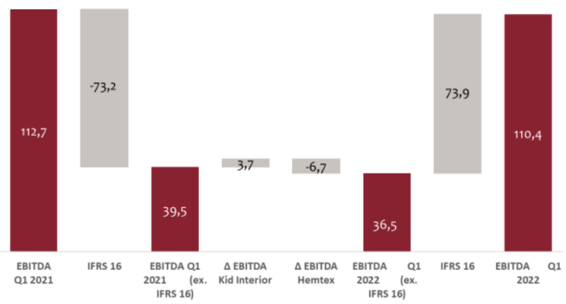
- +1.0 percentage points related to other operating costs in net new stores

- +5.8 percentage points mainly related to less Covid-19 rental rebates of MNOK 2.8 and higher shared operating- and marketing costs in store rentals
- +2.8 percentage points from increased marketing costs according to plan
- +1.7 percentage points mainly related to increase in third party logistics costs, electricity costs, IT-costs as well as lower Covid-19 effects of MNOK 0.8

FX-effects accounted for a decrease in Other operating expenses of approximately MNOK 5.2 following a weaker SEK/NOK in Q1 2022 compared to Q1 2021.

OPEX (excluding IFRS 16) to sales margin was 55.3% (54.0%). When adding back Covid-19 related costs reduction effects OPEX to sales margin was 55.5% (55.6%).

**EBITDA** decreased by MNOK 2.3 to MNOK 110.4 due to higher operating expense as described above.




**Net financial expense** of MNOK 11.6 (MNOK 24.3) relates to net interest expenses of MNOK 3.4 (MNOK 3.5), net other financial expenses of MNOK 1.6 (MNOK 0.3), net foreign exchange gain of MNOK 0,2 (MNOK -13.4) and IFRS 16 interest expense of MNOK 6.8 (MNOK 7.1).

**Liquidity and borrowings.** Inventory is at a higher level compared to last year due to earlier placement of orders and earlier deliveries of goods as well as new assortment and new stores.

Excluding IFRS16 effects, net interest-bearing debt was MNOK 620,0 (MNOK 422.2) at the end of the quarter, corresponding to 1.06x (0.75x) of the LTM EBITDA excluding IFRS16.

The Group had cash and available credit facilities of MNOK 338.7 (MNOK 468.4) as of 31 March 2022. The Group has a satisfactorily liquidity situation.

**Capital Expenditures** during Q1 amounted to MNOK 14.4 (MNOK 18.2) of which investment in the new ecommerce platform accounted for MNOK 1.6 (MNOK 2.8) and the remaining MNOK 12.8 (MNOK 15.4) mainly reflect store openings and refurbishments.

# Segments: Key figures

### KID Interior

| (Amounts in NOK millions) | Q1 2022 | Q1 2021 | FY 2021 |
|---|---|---|---|
| **Revenue** | **366,8** | **326,1** | **1 883,5** |
| Revenue growth | 12,5 % | 13,6 % | 1,1 % |
| LFL growth including online sales | 10,7 % | 10,3 % | -1,8% |
| COGS | -141,7 | -126,9 | -702,3 |
| **Gross profit** | **225,0** | **199,2** | **1 181,2** |
| Gross margin (%) | 61,4 % | 61,1 % | 62,7 % |
| Other operating revenue | 0,1 | 0,5 | 0,5 |
| Employee benefits expense | -94,2 | -80,8 | -367,2 |
| Other operating expense | -97,6 | -89,3 | -395,9 |
| Other operating expense - IFRS 16 effect | 42,6 | 40,3 | 159,8 |
| **EBITDA** | **75,9** | **69,9** | **578,5** |
| EBITDA margin (%) | 20,7 % | 21,4 % | 30,7 % |
| No. of shopping days | 76 | 77 | 308 |
| No. of physical stores at period end | 153 | 148 | 153 |

### Hemtex

| (Amounts in NOK millions) | Q1 2022 | Q1 2021 | FY 2021 |
|---|---|---|---|
| **Revenue** | **237,8** | **243,7** | **1 213,6** |
| Revenue growth [1] | 4,8 % | 6,4 % | 10,1 % |
| LFL growth including online sales [1] | 2,0 % | 7,8 % | 9,8 % |
| COGS | -92,8 | -95,2 | -457,2 |
| **Gross profit** | **145,1** | **148,6** | **756,4** |
| Gross margin (%) | 61,0 % | 61,0 % | 62,3 % |
| Other operating revenue | 0,7 | 0,8 | 9,5 |
| Employee benefits expense | -59,0 | -59,2 | -250,0 |
| Other operating expense | -83,6 | -80,3 | -343,9 |
| Other operating expense - IFRS 16 effect | 31,3 | 32,9 | 127,2 |
| **EBITDA** | **34,5** | **42,8** | **299,1** |
| EBITDA margin (%) | 14,5 % | 17,5 % | 24,5 % |
| No. of shopping days | 89 | 89 | 363 |
| No. of physical stores at period end (excl. franchise) | 119 | 117 | 121 |

[1] *Calculated in local currency*

# Segment: Kid Interior

**Revenues** in Kid Interior increased by +12.5% to MNOK 366.8. Like-for-like revenues including online increased by +10.7%.

The increase in Q1 this year compared to Q1 last year was mainly due to an increase in footfall to physical stores. Average revenue per customer remained stable for the quarter.

In Q1 last year, 39 stores were temporarily closed on average from 22 January to 31 March due to governmental COVID-19 restrictions. Consequently, traffic to stores were negatively influenced whereas Online traffic was positively influenced during Q1 last year. All stores were fully opened from 6 May 2021.

Online revenues decreased by -0.3% to MNOK 31.7.

**Gross profit** increased by MNOK 24.0 compared to last year due to increased footfall and revenues. The **gross margin** decreased by 0.3 percentage points on the back of increased freight costs, as well as increased costs of raw materials which were partly offset by improved FX-rate and successful campaigning.

**Employee expenses** increased by 16.6% to MNOK 94.2:

- +2.7 percentage points due to net new stores
- +6.3 percentage points in LFL stores because of closed stores last year due to Covid restrictions, short-term COVID-19 related sick leave as well as general salary increase
- +4.0 percentage points mainly due to lower reversal of bonus accrual for 2021 compared to the amount reversed last year for 2020. At year end 2021 the total bonus provision was MNOK 19.7. Based on final calculations MNOK 1.6 (MNOK 5.4) was reversed in Q1 2022.
- +3.7 percentage points in headquarter costs due to increased activity in the logistics department, lower Covid-19 cost reduction effects this year as well as general salary increases and higher regulatory pension expenses.

Year to date bonus provision amounted to MNOK 0.6 (MNOK 1.2) of which store bonuses was MNOK 0.6 (MNOK 0.3), other management bonuses was MNOK 0 (MNOK 0.9).

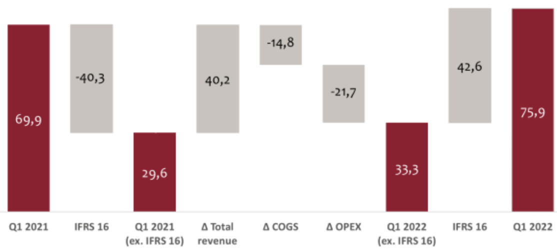
**Other operating expenses** increased by 12.2% to MNOK 55.0 including IFRS 16:

- 3.3 percentage points mainly related to increased shared operating- and marketing costs related to rental for both LFL and new stores, partly offset by a reduction in revenue based rental costs
- +1.6 percentage points related to a planned increase in marketing costs
- +7.3 percentage points in other OPEX as a result of increased electricity costs as well as use of temporary consultants and IT licenses related to the new e-commerce platform

**Covid-19 cost effect** during Q1 has been estimated at MNOK 0 (MNOK 4.7), of which reduced employee expenses (social- and travelling costs) last year accounted for MNOK 3.2.

**EBITDA** increased by MNOK 6.0 to MNOK 75.9 (MNOK 69.9).

**Q1 2021 vs. Q1 2022 EBITDA bridge, MNOK**




**Capital Expenditure** during Q1 amounted to MNOK 7.7 (MNOK 12.4) mainly reflecting refurbishments of stores and investments in the new ecommerce platform.

Five stores were refurbished during the first quarter. There were no closed, opened or relocated stores. The total number of physical stores at the end of the quarter was 153 (148).

# Segment: Hemtex

**Revenues** decreased by MNOK -5.9 to MNOK 237.8. In local currency revenues increased by +4.8% to MSEK 251.1. Like-for-like revenues including online sales were up by 2.0%.

The revenue growth was mainly caused by an increase in footfall to physical stores. Even though all stores were open all through the quarter last year (except for the five stores in Estonia), governmental restrictions caused a material drop in footfall to physical stores, while online revenues were unusual high.

Online revenues decreased by -16.4% (+84.3%) to MNOK 36.7.

**Gross profit** decreased by MNOK -3.5 due to decreased revenues. The **gross margin** was unchanged compared to last year due to favourable product mix and improved FX-rates, partly offset by increased freight costs and costs of raw material.

**Employee expenses** decreased by -0.3% to MNOK 59.0:

- +2.2 percentage points due to net new and closed stores
- +1.0 percentage points in LFL stores, mainly due to reduced opening hours last year and general salary increases offset by Covid-19 governmental support
- +3.1 percentage points due to more group services provided by HQ in Norway, partly offset by fewer HQ employees in Borås
- -6.6 percentage points due to changes in NOKSEK exchange rate

Year to date bonus provision amounted to MNOK 0.0 (MNOK 0.5).

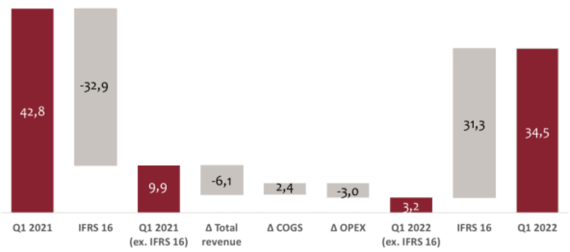
**Other operating expenses** increased by 10.3% to MNOK 52.3 including IFRS 16:

- +10.2 percentage points related to less Covid 19 rental rebates this year
- +6.4 percentage points related to a planned increase in marketing costs
- +5.0 percentage points mainly related to increased third-party logistics cost driven by higher volumes and unit size as well as increased costs for packaging. In addition, there are increased use of external hours due to short-term COVID-19 related sick leave
- -11.1 percentage points due to changes in NOKSEK exchange rate

**Covid-19 cost reduction effect** during Q1 has been estimated at MNOK 1.3 (MNOK 2.5).

**EBITDA** decreased by MNOK -8.3 to MNOK 34.5 (MNOK 42.8). When applying the NOK/SEK-rates from Q1 2021 (“constant currency”), the EBITDA in Q1 2022 would have been MNOK 36.7 representing a decrease of MNOK 6.1 from Q1 2021.

**Q1 2021 vs. Q1 2022 EBITDA bridge, MNOK**




**Capital Expenditure** during Q1 amounted to MNOK 6.7 (MNOK 5.8) mainly related to refurbishment and relocation of stores.

Two stores were closed, one store was refurbished, and three stores were relocated during the quarter. There were no new stores in the period. The total number of physical stores (excl. 11 franchise stores) at the end of the quarter was 119 (117).

# Events after the end of the reporting period

Following the pandemic situation, the global overseas freight situation and the strict COVID-19 regulatory situation in China have caused delays in the value chain, as well as increased freight rates. Going forward, we have decided to place orders earlier than we normally would in order to remedy these effects.

**Group revenues** in constant currency were up by +14.4% in April and up by +10.6% year-to-date per April.

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

Lier, 19 May 2022

The board of Kid ASA

Petter Schouw-Hansen

Karin Bing Orgland

Rune Marsdal

Liv Berstad

Gyrid Skalleberg Ingerø

Espen Gundersen

# Kid ASA - Group figures Q1 2022

# Financial statements

# Interim consolidated statement of profit and loss

| (Amounts in NOK thousand) | Note | Q1 2022<br>Unaudited | Q1 2021<br>Unaudited | FY 2021<br>Audited |
|---|---|---|---|---|
| Revenue | | 604 589 | 569 815 | 3 097 096 |
| Other operating revenue | | 710 | 1 331 | 10 010 |
| **Total revenue** | | **605 299** | **571 146** | **3 107 106** |
| Cost of goods sold | | -234 501 | -222 043 | -1 159 506 |
| Employee benefits expense | | -153 134 | -139 958 | -617 303 |
| Depreciation and amortisation expenses | 9 | -86 667 | -83 047 | -336 376 |
| Other operating expenses | | -107 256 | -96 426 | -452 730 |
| **Total operating expenses** | | **-581 558** | **-541 475** | **-2 565 916** |
| **Operating profit** | | **23 741** | **29 671** | **541 190** |
| Financial income | | 111 | 2 | 7 361 |
| Financial expense | | -11 682 | -24 341 | -63 384 |
| **Net financial income (+) / expense (-)** | | **-11 571** | **-24 339** | **-56 023** |
| **Share of result from joint ventures** | | **-688** | **0** | **0** |
| **Profit before tax** | | **11 482** | **5 332** | **485 167** |
| Income tax expense | | -2 801 | -1 551 | -100 741 |
| **Net profit (loss) for the period** | | **8 681** | **3 781** | **384 426** |
| **Interim condensed consolidated statement of comprehensive income** | | | | |
| Profit for the period | | 8 681 | 3 781 | 384 426 |
| Other comprehensive income | | -758 | 39 197 | 75 629 |
| Tax on comprehensive income | | -2 729 | -8 413 | -16 188 |
| **Total comprehensive income for the period** | | **5 193** | **34 565** | **443 867** |
| Attributable to equity holders of the parent | | 5 193 | 34 565 | 443 867 |
| **Basic and diluted Earnings per share (EPS):** | | **0,21** | **0,09** | **9,46** |

# Interim consolidated statement of financial position

| (Amounts in NOK thousand) | Note | 31.03.2022 | 31.03.2021 | 31.12.2021 |
|---|---|---|---|---|
| **Assets** | | Unaudited | Unaudited | Audited |
| Goodwill | 9 | 65 070 | 67 626 | 70 286 |
| Trademark | 9 | 1 509 908 | 1 511 885 | 1 511 788 |
| Other intangible assets | 9 | 20 696 | 6 662 | 19 096 |
| Deferred tax asset | | 9 650 | 7 656 | 22 968 |
| **Total intangible assets** | | **1 605 324** | **1 593 830** | **1 624 140** |
| Right of use asset | 9 | 737 738 | 743 412 | 756 941 |
| Fixtures and fittings, tools, office machinery and equipment | 9 | 194 299 | 199 170 | 203 158 |
| **Total tangible assets** | | **932 037** | **942 582** | **960 099** |
| Investments in associated companies and joint ventures | 10 | 0 | 0 | 30 |
| Loans to associated companies and joint ventures | 10 | 22 500 | 0 | 0 |
| **Total financial fixed assets** | | **22 500** | **0** | **30** |
| **Total fixed assets** | | **2 559 860** | **2 536 411** | **2 584 268** |
| Inventories | | 722 188 | 531 425 | 646 764 |
| Trade receivables | | 16 196 | 9 148 | 21 999 |
| Other receivables | | 35 372 | 51 336 | 25 020 |
| Derivatives | | 37 529 | 2 091 | 17 439 |
| **Totalt receivables** | | **89 097** | **62 576** | **64 458** |
| Cash and bank deposits | | 0 | 91 441 | 239 331 |
| **Total currents assets** | | **811 285** | **685 442** | **950 553** |
| **Total assets** | | **3 371 145** | **3 221 853** | **3 534 821** |

# Interim consolidated statement of financial position

| (Amounts in NOK thousand) | Note | 31.03.2022 | 31.03.2021 | 31.12.2021 |
|---|---|---|---|---|
| **Equity and liabilities** | | Unaudited | Unaudited | Audited |
| Share capital | | 48 770 | 48 770 | 48 770 |
| Share premium | | 321 050 | 321 050 | 321 050 |
| Other paid-in-equity | | 64 617 | 64 617 | 64 617 |
| **Total paid-in-equity** | | **434 440** | **434 437** | **434 437** |
| Other equity | | 833 403 | 785 527 | 828 223 |
| **Total equity** | | **1 267 843** | **1 219 964** | **1 262 660** |
| Deferred tax | | 322 554 | 316 777 | 332 280 |
| **Total provisions** | | **322 554** | **316 777** | **332 280** |
| Lease liabilities | | 500 315 | 511 601 | 517 550 |
| Liabilities to financial institutions | 6 | 451 633 | 453 467 | 451 628 |
| **Total long-term liabilities** | | **951 948** | **965 068** | **969 177** |
| Lease liabilities | | 248 612 | 249 333 | 249 737 |
| Liabilities to financial institutions | 6 | 168 331 | 60 170 | 95 000 |
| Trade payable | | 127 589 | 100 025 | 159 751 |
| Tax payable | | 45 992 | 61 262 | 90 335 |
| Public duties payable | | 96 383 | 102 842 | 172 851 |
| Other short-term liabilities | | 131 874 | 119 034 | 197 865 |
| Derivatives | | 10 019 | 27 378 | 5 166 |
| **Total short-term liabilities** | | **828 801** | **720 043** | **970 705** |
| **Total liabilities** | | **2 103 303** | **2 001 888** | **2 272 162** |
| **Total equity and liabilities** | | **3 371 145** | **3 221 853** | **3 534 821** |

# Interim consolidated statement of changes in equity

| (Amounts in NOK thousand) | Total paid-in equity | Other equity | Total equity |
|---|---|---|---|
| **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 | 31 582 | 31 582 |
| Dividend | 0 | 0 | 0 |
| **Balance at 31 Mar 2021** | **434 440** | **785 527** | **1 219 968** |
| **Balance at 1 Jan 2022** | **434 440** | **828 209** | **1 262 660** |
| Profit for the period YTD 2022 | 0 | 8 681 | 8 681 |
| Other comprehensive income / Cash Flow Hedges | 0 | -3 487 | -3 487 |
| Dividend | 0 | 0 | 0 |
| **Balance at 31 Mar 2022** | **434 440** | **833 403** | **1 267 843** |

# Interim consolidated statement of cash flows

| (Amounts in NOK thousand) | Note | Q1 2022 Unaudited | Q1 2021 Unaudited | FY 2021 Audited |
|---|---|---|---|---|
| **Cash Flow from operation** | | | | |
| Profit before income taxes | | 11 482 | 5 332 | 485 166 |
| Taxes paid in the period | | -46 609 | -33 128 | -105 964 |
| Depreciation & Impairment | 9 | 86 667 | 83 047 | 336 376 |
| Effect of exchange fluctuations | | -130 | 12 383 | 16 861 |
| **Change in net working capital** | | | | |
| Change in inventory | | -84 192 | -64 340 | -180 317 |
| Change in trade debtors | | 5 297 | 8 600 | -4 448 |
| Change in trade creditors | | -28 761 | 10 461 | 71 228 |
| Change in other provisions [1] | | -135 373 | -128 188 | 54 798 |
| **Net cash flow from operations** | | **-191 618** | **-105 832** | **673 701** |
| **Cash flow from investment** | | | | |
| Purchase of fixed assets | 9 | -15 614 | -13 596 | -92 614 |
| Loans to associated companies and joint ventures | 10 | -22 500 | 0 | 0 |
| **Net Cash flow from investments** | | **-38 114** | **-13 596** | **-92 614** |
| **Cash flow from financing** | | | | |
| Proceeds from long term loans | | 0 | 0 | 130 000 |
| Repayment of revolving credit facility | | -65 118 | 0 | -65 000 |
| Repayment of Term Loans | | 0 | -8 678 | -38 678 |
| Overdraft facility | | 138 329 | 0 | 0 |
| Lease payments for principal portion of lease liability | | -68 380 | -67 482 | -264 951 |
| Dividend payment | | 0 | 0 | -365 807 |
| Net interest | | -10 378 | -8 786 | -39 285 |
| **Net cash flow from financing** | | **-5 547** | **-84 946** | **-643 720** |
| Cash and cash equivalents at the beginning of the period | | 239 331 | 301 276 | 301 276 |
| Net change in cash and cash equivalents | | -235 278 | -204 373 | -62 628 |
| Exchange gains / (losses) on cash and cash equivalents | | -4 053 | -5 463 | 683 |
| **Cash and cash equivalents at the end of the period** | | **0** | **91 441** | **239 331** |

[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 2022 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 2021, 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 2021. Amendments to IFRSs effective for the financial year ending 31 December 2022 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 2021.

## 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.

**Q1 2022**

| (Amounts in NOK thousand) | KID Interior | Hemtex | Total |
|---|---|---|---|
| Revenue | 366 751 | 237 838 | 604 589 |
| COGS | -141 724 | -92 777 | -234 501 |
| Gross profit | 225 026 | 145 061 | 370 088 |
| Other operating revenue | 50 | 659 | 710 |
| Operating expense (OPEX) | -149 140 | -111 251 | -260 391 |
| EBITDA | 75 937 | 34 470 | 110 406 |
| Operating profit | 26 226 | -2 487 | 23 739 |
| | | | |
| Gross margin (%) | 61,4 % | 61,0 % | 61,2 % |
| OPEX to sales margin (%) | 40,7 % | 46,8 % | 43,1 % |
| EBITDA margin (%) | 20,7 % | 14,5 % | 18,2 % |
| | | | |
| Inventory | 454 481 | 267 707 | 722 188 |
| Total assets | 2 584 613 | 786 533 | 3 371 145 |

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. Please refer below table for details.

**Segment allocated costs**

| (MNOK) | Q1 2022 | Q1 2021 | Q2 2022 | Q2 2021 | Q3 2022 | Q3 2021 | Q4 2022 | Q4 2021 | Total year 2022 | Total year 2021 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Kid ASA and Kid Interior** | | | | | | | | | | |
| Segment allocated employee benefits expense | 3,3 | 0,8 | | 5,2 | | 3,6 | | 6,1 | 3,3 | 15,6 |
| Segment allocated other operating expense | 0,6 | 1,7 | | 1,0 | | 1,3 | | 2,6 | 0,6 | 6,5 |
| **Hemtex** | | | | | | | | | | |
| Segment allocated employee benefits expense | -3,3 | -0,8 | | -5,2 | | -3,6 | | -6,1 | -3,3 | -15,6 |
| Segment allocated other operating expense | -0,6 | -1,7 | | -1,0 | | -1,3 | | -2,6 | -0,6 | -6,5 |

## Note 6 Loans and borrowings

**Financing agreements**
At the balance sheet date, the Group has the following borrowing facilities

| (Amounts in NOK thousand) | Utilised 31.03.2022 | Available Facility | Interest | Maturity | Repayment |
|---|---|---|---|---|---|
| Total term loan | 481 700 | 581 700[1] | | 5 years | Instalments [2] |
| *Of which:* | | | | | |
| *Denominated in NOK* | *395 000* | *495 000* | *Fixed rate at 1,876% + 1.25%* [3] | | |
| *Denominated in SEK* | *85 000* | *85 000* | *Fixed rate at 1,460% + 1.25%* [4] | | |
| Revolving credit facility | - | 130 000 | 3 months Nibor + 1.10% | 3 years | At maturity |
| Overdraft | 138 331 | 247 000 | 1 week IBOR + 1.10% | 12 months | At maturity |
| | **620 031** | **958 700** | | | |

[1]Of which 100 can be drawn at Kid's discretion within two years and with a maximum of two tranches
[2] NOK 30M in annual instalments with bi-annual payments. First instalment was due in November 2021 for the full yearly payment.
[3]Fixed interest rate is secured through an interest rate swap of MNOK 395 maturing May 2029 and subject to hedge accounting
[4]Fixed interest rate and denomination in SEK is hedged through a cross currency interest swap of MNOK 115 maturing November 2024
The effect of the change in fair value of the cross currency interest swap is booked against foreign exchange gains/losses in Statement of profit and loss

## Note 7 Earnings per share

| | Q1 2022 | Q1 2021 | FY 2021 |
|---|---|---|---|
| Weighted number of ordinary shares | 40 645 162 | 40 645 162 | 40 645 162 |
| Net profit or loss for the year | 8 681 | 3 781 | 384 426 |
| **Earnings per share (basic and diluted) (Expressed in NOK per share)** | **0,21** | **0,09** | **9,46** |

## Note 8 Related party transactions

The Group's related parties include its associates, joint ventures, key management and members of the board.

None of the Board members have been granted loans or guarantees in the current quarter. 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 2022 and 2021:

| Related Party | Q1 2022 | Q1 2021 |
|---|---|---|
| Prognosgatan Holding AS (Loan) | 22 500 | 0 |
| **Total** | 22 500 | 0 |

## Note 9 Fixed assets and intangible assets

| (amounts in NOK thousand) | Right of use Asset | PPE | Trademark | Other Intangibles | Goodwill |
|---|---|---|---|---|---|
| **Balance 01.01.2022** | 756 941 | 203 158 | 1 511 788 | 19 096 | 70 286 |
| *Exchange differences* | -8 747 | -2 836 | -1 880 | -82 | -5 216 |
| Additions, disposals and adjustments | 57 464 | 11 968 | | 2 438 | |
| Depreciation and amortisation | -67 920 | -17 991 | | -756 | |
| **Balance 31.03.22** | 737 738 | 194 297 | 1 509 908 | 20 696 | 65 070 |

| (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 |

## Note 10 Investments in subsidiaries and joint ventures

The group had the following subsidiaries as of 31 March 2022

| Name | Place of business | Nature of business | Proportion of shares directly held by parent (%) |
|---|---|---|---|
| Kid Interiør AS | Norway | Interior goods retailer | 100 |
| Kid Logistikk AS | Norway | Logistics | 100 |
| Hemtex Logistikk AS* | Norway | Logistics | 100 |
| Hemtex AB | Sweden | Interior goods retailer | 100 |
| Hemtex OY | Finland | Interior goods retailer | 100 |
| Hemtex international AB | Sweden | Non operating company | 100 |

All subsidiary undertakings are included in the consolidation.

The group had the following joint ventures on 31 March 2022:

| Name | Place of business | Nature of relationship | Measurement method | Ownership share | Carrying amount |
|---|---|---|---|---|---|
| Prognosgatan Holding AS | Norway | Joint venture | Equity method | 50 % | - |

The joint venture is reflected in the statement of profit and loss and the statement of financial position. The share of result from the joint venture for Q1 2022 was MNOK -0,7. Per the reporting date, the carrying amount is MNOK 0 and MNOK -0,7 has been classified as other short term liabilities related to the investment.

# 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. 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. The performance measure is an important key figure for Kid Group and considered useful to the users of the financial statements when evaluating operational profitability on a more variable cost basis as it excludes amortisation and depreciation expense related to capital expenditure.
- **EBITDA margin** is EBITDA divided by Total revenue. The performance measure is an important key figure for Kid Group and considered useful to the users of the financial statements when evaluating operational efficiency on a more variable cost basis as is excludes amortisation and depreciation expense related to capital expenditure.
- **EBIT** (earnings before interest, tax) is operating profit. The performance measure is considered useful to the users of the financial statements when evaluating operational profitability.
- **EBIT margin** is EBIT divided by Total revenue. The performance measure is an important key figure for Kid Group and considered useful to the users of the financial statements when evaluating operational efficiency.
- **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.
- **Constant currency** is exchange rates that the Group uses to eliminate the effect of exchange rates fluctuations when calculating financial performance numbers.

Adjusted EBITDA, adjusted EBITDA margin, adjusted EBIT and adjusted EBIT margin are no longer included in the Alternative Performance Measures because these performance measures are no longer considered relevant. Previous adjustments were due to integration costs. There were no such integration costs in 2021 and in the comparable periods these costs are not considered material.

# 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.


Kid ASA, Gilhusveien 1, 3426 Gullaug
Main office: +47 940 26 000, Customer service: +47 00 20 00
www.kid.no