

Kid ASA

25 August 2022

Q2 2022

Presentation available
at investor.kid.no

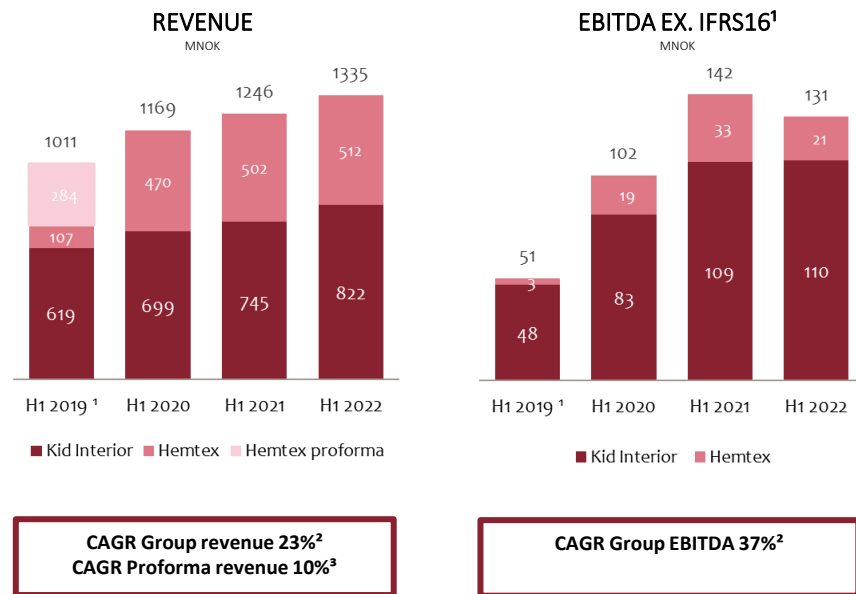


Financial Summary

Second quarter in brief

- Group revenues¹ increased by 8.8% (3.9%) and LFL by 5.6% (2.9%)
 - Increased footfall and online traffic
- Gross margin decreased by -3.7 percentage points
 - Increased freight costs
 - Higher campaigned volumes of seasonal products due to late arrival
- EBITDA decreased by MNOK 4.9 to MNOK 167.6
 - Higher operating costs driven by new store openings, higher logistics volumes and increased general expenses like electricity
- EPS of NOK 1.28 (1.57)

Compounded annual revenue growth of 10%³ since H1 2019



Operational focus in Q2

- Earlier deliveries of goods to mitigate risk of delays
- Maintained focus on future deliveries, with ~90% of autumn collections delivered/on sea and earlier delivery schedules on winter and Christmas collections
- Signed freight agreement ensuring lower freight cost level for a main portion of purchased goods with gradually positive effect from mid-August
- Continued development of new categories
- Successful launch of outdoor range

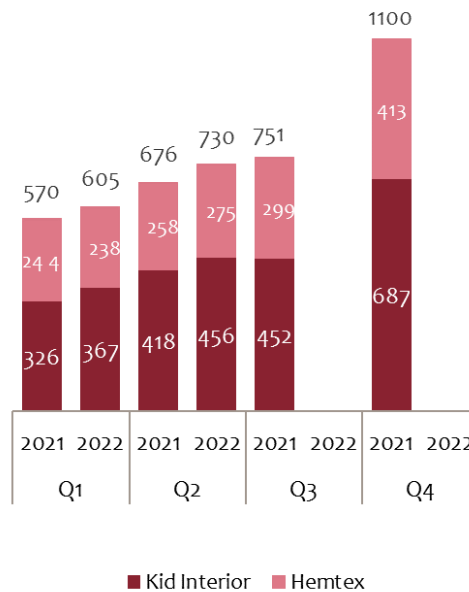


Revenues

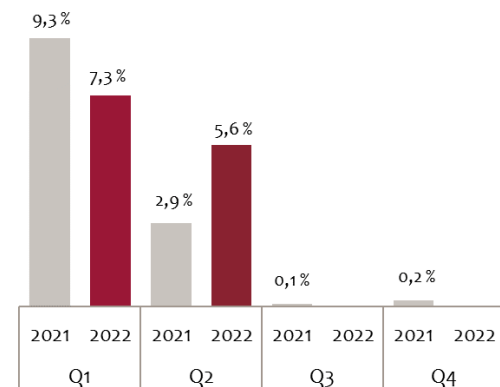
Group revenues increased by 8.8%¹ (3.9%¹)

- Group like-for-like revenues increased by 5.6% (2.9%) including online sales
 - Increase in footfall to physical stores and online traffic
 - Positive development in new categories, with the highest growth from 'Outdoor range' and 'Homewear'
- Kid Interior revenue growth of 8.9% (1.7%)
 - Like-for-like growth of 5.8% (-0.9%) including online sales
 - Online sales increase of 8.4%
- Hemtex revenues increased by 8.8% (7.7%) in local currency
 - Reported revenues including FX-effects increased by +6.4%
 - Like-for-like growth of 5.2% (9.8%) including online sales
 - Online sales increase of 3.6%

Revenues (MNOK)



Group like-for-like growth (%)

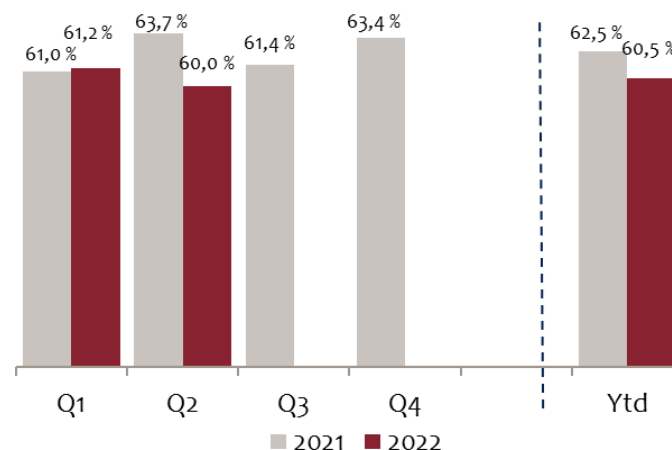


Gross margin

Decreased gross margin in Q2

- Q2 this year was negatively affected by peaking freight costs, higher campaigning volumes on seasonal spring collection due to late arrivals, increased B2B-sales with lower margins and increased costs of raw materials
- Proactive price increases caused unusually high margins in Q2 last year
- Group gross margin was 60.0 % for the quarter, down by 3.7 pp compared to Q2 2021
 - Kid Interior decreased gross margin by -3.5 pp to 60.0% (63.5%)
 - Hemtex decreased gross margin by -4,1 pp to 60.0% (64.1%)
- Freight costs peaked in Q2 at approximately 20% of cost of purchased goods compared to 10% in Q2 last year
- Gradual reduction expected towards a level of 13-15% of cost of purchased goods
- We remain confident in our Financial Objective with a full-year gross margin in line with the past 10 years

Group gross margins

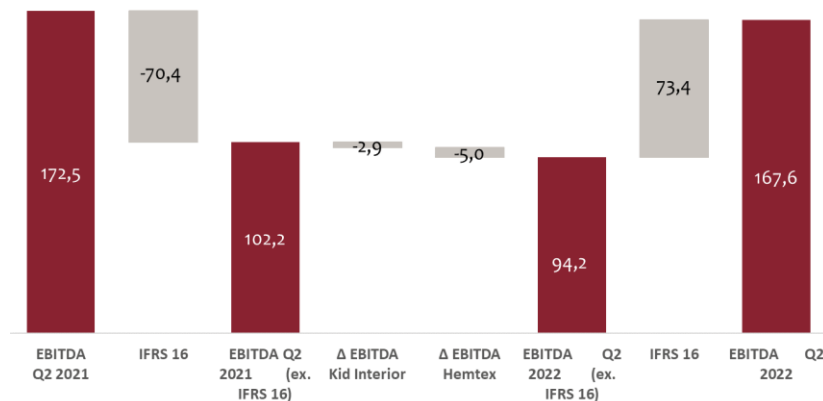


EBITDA

EBITDA of 167.6 (172.5) in Q2

- EBITDA decreased by MNOK 4.9 to MNOK 167.6
 - Increased OPEX of MNOK 15.6 excluding IFRS16 effects due to new stores, less Covid-19 costs savings, planned marketing increase, logistics activity following higher volumes, HQ salaries and general costs increases from electricity
 - Lower Covid-19 related cost reduction effects accounted for MNOK 4.0
 - OPEX-to-sales of 47.4% (49.4%) when adding back Covid-19 related cost reduction effects
- Kid Interior EBITDA of MNOK 118.1 (MNOK 118.5)
 - Increased OPEX related to new stores, no Covid-19 cost savings during the quarter, increased HQ staff (offset by reduction in Hemtex), higher costs of logistics due to higher volumes, partly offset by lower bonus provisions
 - Cost increase effect following no COVID-19 cost saving effects this quarter compared to MNOK 3.7 in Q2 last year, partly offset by lower bonus provision of MNOK 0.5 compared to 2.9 in Q2 last year
- Hemtex EBITDA of MNOK 49.6 (MNOK 54.0)
 - Increased OPEX related to logistics activity following higher volumes and planned marketing. Reduced Employee expenses offset by increased HQ staff in Kid Interior
 - Weakened NOK/SEK FX rates reduced the Hemtex EBITDA by MNOK 1.2 compared to Q2 last year

EBITDA Q2 2022 vs. 2021



Inventory

Inventory of MNOK 779 (MNOK 554)

- Planned inventory increase driven by
 - New stores and expanded store sizes
 - Expanded product and category assortment
 - Seasonal inventory level in Q2 last year was lower than desired
 - MNOK 60 of the inventory increase due to earlier inventory recognition of goods in transit compared to last year (no cash effect)
- Inventory affected by discrepancies in the value chain
 - Increased freight costs
 - Earlier placement of orders due to uncertain delivery times
- A healthy inventory with limited obsolesce and high inventory turn-over. Seasonal products accounting for 20% of inventory, remaining 80% is all-year products
- We expect a inventory build-down towards a more normalized level during coming quarters. More comfortable with delivery schedules and precision this autumn



Cash flow

(Amounts in NOK million)	Q2 2022	Q2 2021	H1 2022	H1 2021	FY 2021
Net cash flow from operations	99,3	112,6	-92,3	6,8	673,7
Net Cash flow from investments	-31,2	-23,0	-69,3	-36,6	-92,6
Net cash flow from financing	-67,5	-123,6	-73,1	-208,5	-643,7
Net change in cash and cash equivalents	0,6	-34,0	-234,7	-238,4	-62,6
Cash and cash equivalents at the beginning of the period	0,0	91,4	239,3	301,3	301,3
Exchange gains / (losses) on cash and cash equivalents	3,4	3,3	-0,6	-2,2	0,7
Cash and cash equivalents at the end of the period	4,0	60,7	4,0	60,7	239,3

Working Capital

(Amounts in NOK million)	Q2 2022	Q2 2021	H1 2022	H1 2021	FY 2021
Change in inventory	-50,4	-16,0	-134,6	-80,4	-180,3
Change in trade debtors	-4,5	-3,8	0,8	4,8	-4,4
Change in trade creditors	-27,5	-19,5	-56,3	-9,0	71,2
Change in other provisions ¹	72,6	16,9	-62,7	-111,2	54,8
Change in working capital	-9,8	-22,3	-252,9	-195,8	-58,7

Solid financial position and liquidity

- Cash flow from operations decreased by MNOK 13 compared to Q2 2022
 - Negative cash effect from increased tax payments of MNOK 20
 - Negative cash effect from increased inventory of MNOK 34 as a result of higher freight costs, earlier deliveries, increased number of stores and product categories expansion.
 - Positive effect from Other provisions is mainly caused by goods in transit of MNOK 30 booked as inventory and hence without cash effect
- Cash flow from investments reflects CAPEX in stores and new online platform, and MNOK 8.7 in new warehouse Sweden
- Cash flow from financing influenced by higher inventory and utilisation of bank overdraft facility as well as increased long term loan regarding new warehouse in Sweden
- Gearing ratio, excl. IFRS16 effects, of 1.35x (1.00x)
- Net interest-bearing debt excl. IFRS16 leasing liabilities of MNOK 784.7 (MNOK 583.0)
- Cash and available credit facilities of MNOK 159.5 (MNOK 407.7) by the end of the quarter

Financial Objectives

FINANCIAL PERFORMANCE (FULL YEAR BASIS)

Sales	<ul style="list-style-type: none">Like-for-Like growth of 3-4% in a normalised market
Gross profit	<ul style="list-style-type: none">Stable gross margins in line with the past 10 years
OPEX	<ul style="list-style-type: none">OPEX (excluding IFRS 16) relative to sales below 45 %

STORE PORTFOLIO

Stores	<ul style="list-style-type: none">An optimized portfolio of approximately 320 fully owned stores
CAPEX	<ul style="list-style-type: none">Kid group targets annual maintenance CAPEX of up to MNOK 100 (incl. relocations and refurbishments)Capex for a new store opening in the range of MNOK 2

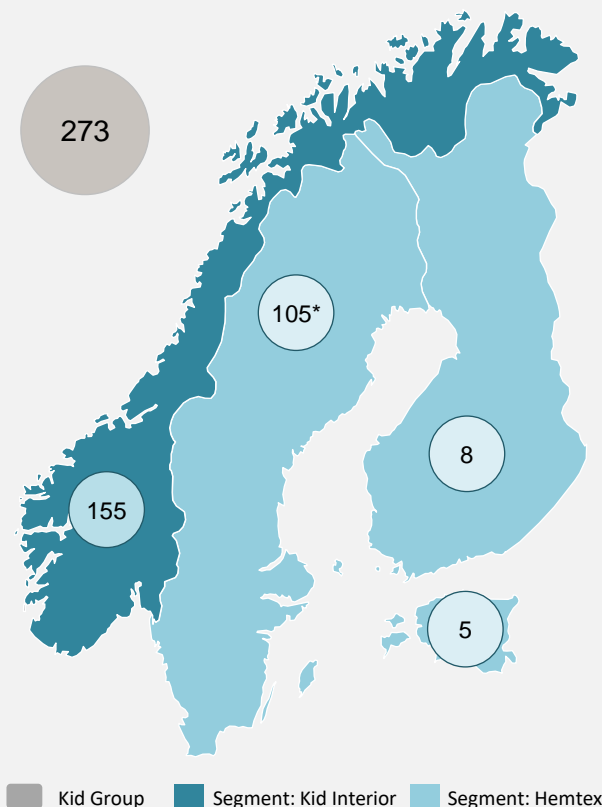
DIVIDEND POLICY & CAPITAL STRUCTURE

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

Store portfolio activity

	Completed year to date	Signed, but not yet completed
New stores	NO: Skøyen NO: Kolbotn Torg	NO: Ullevål (Q4 22) NO: Grünerløkka (Q2 24) NO: Fredrikstad (Q4 24)
Closures	SE: 3 stores	SE: 1 store
Relocations	NO: 1 store SE: 4 stores	NO: 6 stores SE: 4 stores
Refurbishment	NO: 8 stores SE: 3 stores	NO: 2 stores SE: 2 stores

Number of stores per quarter end



*Fully-owned stores. Hemtex has additional 11 franchise stores



Q&A

Kid

Segment: Kid Interior

(Amounts in NOK millions)	Q2 2022	Q2 2021	H1 2022	H1 2021	FY 2021
Revenue	455,5	418,4	822,3	744,5	1 883,5
Revenue growth	8,9 %	1,7 %	10,5 %	6,6 %	1,1 %
LFL growth including online sales	5,8 %	-0,9 %	7,9 %	3,7 %	-1,8 %
COGS	-182,2	-152,9	-323,9	-279,7	-702,3
Gross profit	273,3	265,5	498,4	464,7	1 181,2
Gross margin (%)	60,0 %	63,5 %	60,6 %	62,4 %	62,7 %
Other operating revenue	0,0	-0,0	0,1	0,5	0,5
Employee benefits expense	-94,1	-86,1	-188,3	-166,9	-367,2
Other operating expense	-103,0	-100,2	-200,6	-189,5	-395,9
Other operating expense - IFRS 16 effect	41,8	39,3	84,4	79,7	159,8
EBITDA	118,1	118,5	194,0	188,4	578,5
EBITDA margin (%)	25,9 %	28,3 %	23,6 %	25,3 %	30,7 %
No. of shopping days	72	71	148	148	308
No. of physical stores at period end	155	149	155	149	153



Segment: Hemtex

(Amounts in NOK millions)	Q2 2022	Q2 2021	H1 2022	H1 2021	FY 2021
Revenue	274,6	257,9	512,4	501,7	1 213,6
Revenue growth ¹	8,8 %	7,7 %	6,9 %	7,1 %	10,1 %
LFL growth including online sales ¹	5,2 %	9,8 %	3,7 %	8,8 %	9,8 %
COGS	-109,9	-92,7	-202,7	-187,9	-457,2
Gross profit	164,7	165,2	309,8	313,8	756,4
Gross margin (%)	60,0 %	64,1 %	60,5 %	62,6 %	62,3 %
Other operating revenue	1,8	1,5	2,4	2,3	9,5
Employee benefits expense	-61,8	-63,3	-120,8	-122,5	-250,0
Other operating expense	-86,7	-80,4	-170,3	-160,8	-343,9
Other operating expense - IFRS 16 effect	31,6	31,1	62,9	64,0	127,2
EBITDA	49,6	54,0	84,0	96,8	299,1
EBITDA margin (%)	17,9 %	20,8 %	16,3 %	19,2 %	24,5 %
No. of shopping days	90	90	179	179	363
No. of physical stores at period end (excl. franchise)	118	118	118	118	121



Income statement

(Amounts in NOK thousand)	Q2 2022	Q2 2021	H1 2022	H1 2021
Revenue	730,1	676,3	1 334,7	1 246,1
COGS	-292,1	-245,5	-526,6	-467,6
Gross profit	438,0	430,8	808,1	778,5
Gross margin (%)	60,0 %	63,7 %	60,5 %	62,5 %
Other operating revenue	1,8	1,4	2,5	2,7
OPEX	-272,2	-259,7	-532,6	-496,0
EBITDA	167,6	172,5	278,1	285,3
EBITDA margin (%)	22,9 %	25,5 %	20,8 %	22,8 %
Depreciation and amortisation	-87,8	-83,0	-174,5	-166,0
EBIT	79,8	89,6	103,6	119,2
EBIT margin (%)	10,9 %	13,2 %	7,7 %	9,5 %
Net finance	-10,7	-9,1	-22,3	-33,4
Share of result from joint ventures	-1,2	0,0	-1,9	0,0
Profit before tax	67,9	80,5	79,4	85,8
Net profit	52,0	63,8	60,7	67,5



Statement of financial position

(Amounts in NOK thousand)	Note	30.06.2022	30.06.2021	31.12.2021
Assets		Unaudited	Unaudited	Audited
Goodwill	9	66 801	69 684	70 286
Trademark	9	1 511 247	1 513 476	1 511 788
Other intangible assets	9	22 147	10 900	19 096
Deferred tax asset		6 483	0	22 968
Total intangible assets		1 606 679	1 594 060	1 624 140
Right of use asset	9	777 151	719 396	756 941
Fixtures and fittings, tools, office machinery and equipment	9	200 350	205 027	203 158
Total tangible assets		977 501	924 423	960 099
Investments in associated companies and joint ventures	10	0	0	30
Loans to associated companies and joint ventures	10	31 203	0	0
Total financial fixed assets		31 203	0	30
Total fixed assets		2 615 382	2 518 483	2 584 268
Inventories		779 625	554 258	646 764
Trade receivables		20 998	13 188	21 999
Other receivables		31 115	29 065	25 023
Derivatives		120 414	2 270	17 439
Total receivables		172 528	44 523	64 461
Cash and bank deposits		4 039	60 716	239 331
Total current assets		956 191	659 497	950 556
Total assets		3 571 574	3 177 983	3 534 824

(Amounts in NOK thousand)	Note	30.06.2022	30.06.2021	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	434 440	434 440
Other equity		808 350	676 194	828 223
Total equity		1 242 790	1 110 634	1 262 663
Deferred tax		345 123	316 205	332 280
Total provisions		345 123	316 205	332 280
Lease liabilities		539 055	491 056	517 550
Liabilities to financial institutions	6	621 638	601 700	451 628
Total long-term liabilities		1 160 693	1 092 756	969 177
Lease liabilities		251 413	243 937	249 737
Liabilities to financial institutions	6	167 120	41 993	95 000
Trade payable		101 470	56 608	159 751
Tax payable		12 084	46 172	90 335
Public duties payable		100 640	101 962	172 851
Other short-term liabilities		189 230	141 248	197 865
Derivatives		1 012	26 468	5 166
Total short-term liabilities		822 969	658 388	970 705
Total liabilities		2 328 785	2 067 349	2 272 162
Total equity and liabilities		3 571 574	3 177 983	3 534 824

Allocated segment costs

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	4,0	5,2		3,6		6,1	7,3	15,6
Segment allocated other operating expense	0,6	1,7	0,6	1,0		1,3		2,6	1,1	6,5
Hemtex										
Segment allocated employee benefits expense	-3,3	-0,8	-4,0	-5,2		-3,6		-6,1	-7,3	-15,6
Segment allocated other operating expense	-0,6	-1,7	-0,6	-1,0		-1,3		-2,6	-1,1	-6,5

Quarterly revenue growth

Kid Interior				
Total growth				
Year	Q1	Q2	Q3	Q4
2020	-3,6 %	28,0 %	22,1 %	15,3 %
2021	13,6 %	1,7 %	-3,9 %	-1,0 %
2022	12,5 %	8,9 %		
Like-for-like growth				
Year	Q1	Q2	Q3	Q4
2020	-4,0 %	27,1 %	20,9 %	13,6 %
2021	10,3 %	-0,9 %	-7,1 %	-3,8 %
2022	10,7 %	5,8 %		

Hemtex				
Total growth				
Year	Q1	Q2	Q3	Q4
2020	6,6 %	14,7 %	-3,7 %	-5,7 %
2021	6,4 %	7,7 %	17,4 %	9,0 %
2022	4,8 %	8,8 %		
Like-for-like growth				
Year	Q1	Q2	Q3	Q4
2020	7,9 %	18,0 %	9,2 %	-1,9 %
2021	7,8 %	9,8 %	14,6 %	7,8 %
2022	2,0 %	5,2 %		

Sales days and stores

Kid Interior

Number of sales days

Year	Q1	Q2	Q3	Q4	Total
2021	76	71	79	81	307
2022	76	72			148

Number of store projects

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

2022	Q1	Q2	Q3	Q4	Total
New stores	0	2			2
Closed stores	0	0			0
Relocated stores	0	1			1
Refurbished stores	5	3			8

Total number of stores 153 155

Total number of LFL stores 147 147

Hemtex

Number of sales days

Year	Q1	Q2	Q3	Q4	Total
2021	89	90	92	91	362
2022	89	90			179

Number of store projects

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

2022	Q1	Q2	Q3	Q4	Total
New stores	0	0			0
Closed stores	2	1			3
Relocated stores	3	1			4
Refurbished stores	1	2			3

Total number of stores* 130 129

Total number of LFL stores* 126 125

*incl franchise stores