

# Kid ASA

Interim report Q3 2022



# Dear Shareholders

**In a challenging market, we managed to maintain stable revenues compared to last year. However, we regret to report that the high freight rates in 2022 have not sufficiently been incorporated in our price calculation models, which resulted in a gross margin decrease.**

These are the key takeaways from the third quarter:

- New categories remain a key growth driver. Revenues from new categories introduced since 2017 increased by 21% from MNOK 60<sup>1</sup> to MNOK 72<sup>1</sup> during the quarter with the highest growth from 'Outdoor range', 'Homewear' and 'Lighting and Lamps'.
- 'Premium Collection' was introduced as a concept for higher quality curtains and pillows, and the new 'Nice & Tidy' was introduced as a concept for cleaning products and products helping to organize our customer's homes.
- Our new growth initiative 'Kid Extended' is ready to launch in Norway. Our goal is to fuel growth by broadening existing categories, increased space for inspiration and introducing new categories, e.g. beds and furniture. 'Kid Extended' was introduced online and made available through our "instore online orders" in Norway early in Q4 and will be piloted in five new and bigger stores over the next months.
- Based on the experiences of last year's delayed deliveries before our peak season in Q4, we decided to place orders earlier this year. However, deliveries this year took place earlier than expected and, hence, is an important reason for the increased inventory levels compared to last year, in addition to new stores, category expansions and increased costs of raw materials and freight.
- Freight spot rates have been unusual high during 2022. Unfortunately, the volatility in fright cost has not been incorporated in our price calculation model leading to an unexpected drop in gross margin during Q3. Our current inventory has a relatively high share of freight costs that will be charged as the goods are sold in the upcoming quarters, and we will not be able to meet our Financial Objectives for 2022. With freight spot rates decreasing, and our immediate actions to ensure normalised gross margin for future goods purchases, we expect gradual improvement of the gross margin during 2023.



On the back of a more challenging macro environment, we remain confident that we are well positioned as a value-for-money retailer. We are now well prepared for the most important season of the year. I would like to take the opportunity to wish all our stakeholders a Merry Christmas.

Yours sincerely,

<sup>1</sup> Assuming SEK/NOK 1.00

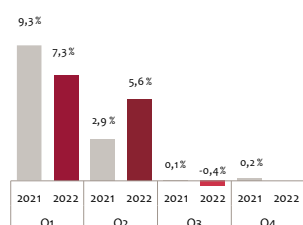


# Third quarter in brief

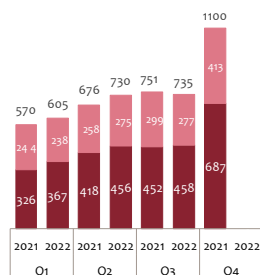
- ✓ Group revenues increased by +0.5%, like-for-like sales (including online sales) decreased by -0.4% and online sales increased by 39.4%.
- ✓ Gross margin decreased by -5.9 percentage points to 55.5% on the back of increased freight costs as further described on page 5
- ✓ OPEX-to-sales (excluding IFRS 16) was 46.1% (41.9%), and 46.1% (42.1%) when adding back last year's Covid-19 related cost reduction effects.
- ✓ EBITDA decreased by MNOK 76.9 to MNOK 142.7 (MNOK 219.6) main reason being the lower gross margin
- ✓ Half-year dividend payment of NOK 2.50 per share, payable in November 2022.
- ✓ Inventory level peaking in Q3 with an expected inventory build-down towards more normalized levels during 2023
- ✓ LTM gearing ratio excluding IFRS16 effects was 1.62 (0.83) by the end of the quarter.



LFL growth (%), Group

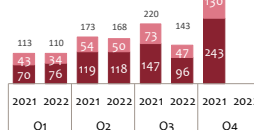


Revenue, MNOK



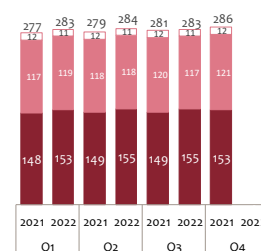
■ Kid Interior ■ Hemtex

EBITDA, MNOK



■ Kid Interior ■ Hemtex

No. of physical stores  
(period end)



■ Kid Interior ■ Hemtex □ Hemtex (franchise)

# Alternative Performance Measures

(Amounts in NOK million)	Q3 2022	Q3 2021	Q1-Q3 2022	Q1-Q3 2021	FY 2021
<b>Revenue</b>	<b>734,7</b>	<b>750,6</b>	<b>2 069,4</b>	<b>1 996,7</b>	<b>3 097,1</b>
Like-for-like growth including online sales <sup>1</sup>	-0,4 %	0,1 %	4,6 %	-0,6 %	-1,8 %
<b>COGS</b>	<b>-326,9</b>	<b>-289,4</b>	<b>-853,5</b>	<b>-757,0</b>	<b>-1 159,5</b>
<b>Gross profit</b>	<b>407,8</b>	<b>461,2</b>	<b>1 215,9</b>	<b>1 239,7</b>	<b>1 937,6</b>
<b>Gross margin (%)</b>	<b>55,5%</b>	<b>61,4%</b>	<b>58,8%</b>	<b>62,1%</b>	<b>62,6%</b>
Other operating income	1,5	1,0	4,0	3,8	10,0
Employee benefits expense	-144,5	-141,9	-453,5	-431,3	-617,3
Other operating expense	-194,1	-172,9	-565,0	-523,1	-739,8
Other operating expense - IFRS 16 effect	71,9	72,1	219,3	215,8	287,0
<b>OPEX</b>	<b>-266,6</b>	<b>-242,6</b>	<b>-799,2</b>	<b>-738,6</b>	<b>-1 070,0</b>
<b>EBITDA</b>	<b>142,7</b>	<b>219,6</b>	<b>420,8</b>	<b>504,9</b>	<b>877,6</b>
<b>EBITDA margin (%)</b>	<b>19,4%</b>	<b>29,2%</b>	<b>20,3%</b>	<b>25,2%</b>	<b>28,2%</b>
Depreciation	-18,2	-17,7	-55,5	-51,9	-70,1
Depreciation - IFRS 16 effect	-68,2	-67,1	-205,4	-198,9	-266,3
<b>EBIT</b>	<b>56,3</b>	<b>134,9</b>	<b>159,9</b>	<b>254,1</b>	<b>541,2</b>
<b>EBIT margin (%)</b>	<b>7,6%</b>	<b>17,9%</b>	<b>7,7%</b>	<b>12,7%</b>	<b>17,4%</b>
Net financial income (expense)	-5,3	-4,5	-13,7	-24,1	-29,1
Net financial expense - IFRS 16 effect	-7,2	-6,4	-21,0	-20,2	-26,9
Share of result from joint ventures	-2,5	0,0	-4,4	0,0	0,0
<b>Profit before tax</b>	<b>41,3</b>	<b>124,0</b>	<b>120,7</b>	<b>209,8</b>	<b>485,2</b>
<b>Net income</b>	<b>29,5</b>	<b>97,8</b>	<b>90,2</b>	<b>165,3</b>	<b>384,4</b>
<b>Earnings per share</b>	<b>0,73</b>	<b>2,41</b>	<b>2,22</b>	<b>4,07</b>	<b>9,46</b>
Liabilities to financial institutions	-822,3	-578,6	-822,3	-578,6	-546,6
Lease liabilities - IFRS 16 effect	-813,1	-716,8	-813,1	-716,8	-767,3
Cash	6,5	93,0	6,5	93,0	239,3
<b>Net interest bearing debt</b>	<b>-1 629,0</b>	<b>-1 202,4</b>	<b>-1 629,0</b>	<b>-1 202,4</b>	<b>-1 074,6</b>

<sup>1</sup> Calculated in constant currency

# Financial review for the Kid Group

Group revenues increased by 0.5% compared to last year. EBITDA fell by MNOK 76.9, caused by a reduction in the gross margin of 5.9 percentage points as well as increased operating expenses.

The Covid-19 cost reduction effect in the quarter is estimated at MNOK 0.0 (MNOK 1.4).

## Revenues

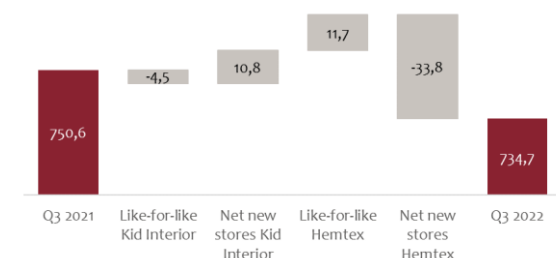
Group revenues increased by +0.5% (+3.6%) to MNOK 734.7 (MNOK 731.1) based on a constant currency calculation and decreased by -2.1% when applying actual currency (MNOK 750.6). Group revenues on a like-for-like basis were down by -0.4% (+0.1%).

Both Kid Interior and Hemtex experienced a reduction in footfall to physical stores particularly in August while footfall increased in the last half of September.

Both Kid Interior and Hemtex saw increased online revenues benefiting from our e-commerce platform launched one year ago. Group online growth was 39.4%, corresponding to online revenues of MNOK 75.1 in Q3.

Revenues from new categories increased by 20.6% from MNOK 59.5<sup>1</sup> to MNOK 71.8<sup>1</sup> with the highest growth from 'Outdoor range', 'Homewear' and 'Lighting and Lamps'.

## Q3 2021 vs Q3 2022 revenue bridge, MNOK



<sup>1</sup> Assuming SEK/NOK 1.00

**Gross profit** decreased by MNOK 53.4 to MNOK 407.8 with **gross margin** at 55.5%, down 5.9 percentage points compared to Q3 2021. The decline was mainly caused by increased freight costs without corresponding price adjustments, but also higher sales volumes of rebated summer seasonal products.

Overseas freight cost expressed as percentage of cost of goods sold was 21.7% in Q3 2022, up from 10.9% in Q3 2021.

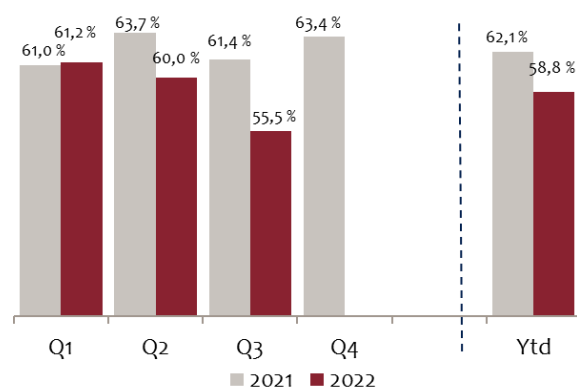
MNOK 6 of the recognized freight cost in Q3 2022 is related to the first six months of 2022.

As a result of these high freight costs in 2022, we expect gross margin for the fiscal year 2022 to be lower than the past 10-year range.

We now see freight spot rates at significantly lower levels, and through our freight agreement lower freight cost will materialize on purchased goods with arrival dates from end of 2022 and onwards. Consequently, with freight rates coming down and as we turn the current inventory over the next 6-8 months, we expect a gradual reduction in freight costs going forward.

Combined with actions to secure normalized margins for future purchases, we expect a gradual gross margin improvement during 2023. Our Financial Objective of achieving a stable gross margin in line with the past 10 years, remains unchanged for 2023.

## Gross margin:



**Employee benefits expenses** increased by +1.8% to MNOK 144.5:

- +1.6 percentage points due to net new stores
- +0.8 percentage points in LFL stores mainly due to vacation pay related to timing of staff vacation and increased sick leave
- -2.5 percentage points due to lower bonus provisions this year
- +4.5 percentage points in headquarter costs mainly due to increased number of employees, general salary increase and store manager kick-off
- -2.6 percentage points due to changes in SEK/NOK exchange rate

FX effects represented a decrease in employee benefit expenses of approximately MNOK 3.8 following a weaker SEK/NOK in Q3 2022 compared to Q3 2021.

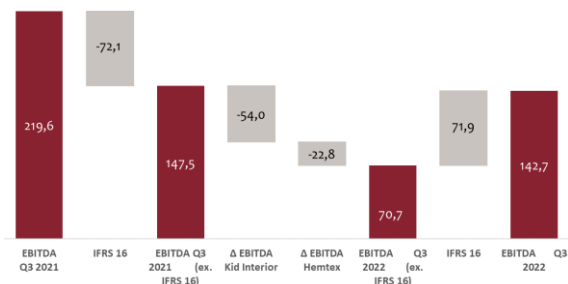
**Other operating expenses** including IFRS 16 increased by 21.3% to MNOK 122.1:

- +2.7 percentage points related to rental costs and other operating costs in net new stores
- +4.2 percentage points in LFL stores mainly related to increased rental space in Hemtex, as well as higher shared operating- and marketing costs
- +5.8 percentage points from planned, increased marketing costs in the quarter
- +13.9 percentage points mainly related to increase logistics costs following higher inventory levels (MNOK 3.0), increased cost of electricity (MNOK 4.0), increased cost from store operating consumables (MNOK 2.0) and volume related online transportation costs (MNOK 2.2)
- -1.7 percentage points related to change in IFRS 16 effects
- -3.6 percentage points due to changes in SEK/NOK exchange rate

FX effects accounted for a decrease in other operating expenses of approximately MNOK 3.7 following a weaker SEK/NOK in Q3 2022 compared to Q3 2021.

OPEX (excluding IFRS 16) to sales margin was 46.1% (41.9%).

**EBITDA** decreased by MNOK 76.9 to MNOK 142.7 due to a reduced gross margin following the freight costs situation described above.



**Net financial expense** of MNOK 12.4 (MNOK 10.9) relates to net interest expenses of MNOK 4.7 (MNOK 3.7), interest income from joint venture of MNOK 0.6 (MNOK 0), net other financial expenses of MNOK 1.0 (MNOK 0.6), net foreign exchange loss of MNOK 0.1 (MNOK 0.3) and IFRS16 interest expense of MNOK 7.2 (MNOK 6.4).

**Inventory** level peaking in Q3 due to earlier goods delivery than expected, increased freight costs, new stores, as well as new assortment. We expect a build-down towards more normalized levels in 2023. **Liquidity and borrowings.** MNOK 130 of the revolving credit facility was fully utilized at the end of the quarter. Excluding IFRS16 effects, net interest-bearing debt was MNOK 815.9 (MNOK 485.5) at the end of the quarter, corresponding to 1.62x (0.83x) of the LTM EBITDA excluding IFRS16. The Group had cash and available credit facilities of MNOK 132.8 (MNOK 505.0) as of 30 September 2022. The Group has a satisfactory liquidity situation.

**Capital Expenditures** during Q3 amounted to MNOK 22.8 (MNOK 19.2) of which investment in the new ecommerce platform accounted for MNOK 1.5 (MNOK 4.9), investment in the new warehouse in Sweden MNOK 7.8 (MNOK 0) and the remaining MNOK 13.5 (MNOK 14.3) mainly reflect store openings and refurbishments.

# Segments: Key figures

## KID Interior

(Amounts in NOK millions)	Q3 2022	Q3 2021	Q1-Q3 2022	Q1-Q3 2021	FY 2021
<b>Revenue</b>	<b>457,9</b>	<b>451,7</b>	<b>1 280,2</b>	<b>1 196,1</b>	<b>1 883,5</b>
Revenue growth	1,4 %	-3,9 %	7,0 %	2,3 %	1,1 %
LFL growth including online sales	-1,0 %	-7,1 %	4,6 %	-0,6 %	-1,8 %
COGS	-209,3	-170,7	-533,3	-450,4	-702,3
<b>Gross profit</b>	<b>248,6</b>	<b>281,0</b>	<b>747,0</b>	<b>745,7</b>	<b>1 181,2</b>
Gross margin (%)	54,3 %	62,2 %	58,3 %	62,3 %	62,7 %
Other operating revenue	0,0	0,0	0,1	0,5	0,5
Employee benefits expense	-89,2	-83,6	-277,4	-250,5	-367,2
Other operating expense	-106,6	-90,6	-307,1	-280,1	-395,9
Other operating expense - IFRS 16 effect	43,0	40,3	127,4	119,9	159,8
<b>EBITDA</b>	<b>95,8</b>	<b>147,1</b>	<b>289,9</b>	<b>335,5</b>	<b>578,5</b>
EBITDA margin (%)	20,9 %	32,6 %	22,6 %	28,0 %	30,7 %
No. of shopping days	79	79	227	227	308
No. of physical stores at period end	155	149	155	149	153

## Hemtex

(Amounts in NOK millions)	Q3 2022	Q3 2021	Q1-Q3 2022	Q1-Q3 2021	FY 2021
<b>Revenue</b>	<b>276,8</b>	<b>298,9</b>	<b>789,2</b>	<b>800,6</b>	<b>1 213,6</b>
Revenue growth <sup>1</sup>	-1,0 %	17,4 %	3,9 %	10,7 %	10,1 %
LFL growth including online sales <sup>1</sup>	0,8 %	14,6 %	2,7 %	10,9 %	9,8 %
COGS	-117,6	-118,8	-320,2	-306,6	-457,2
<b>Gross profit</b>	<b>159,2</b>	<b>180,2</b>	<b>469,0</b>	<b>494,0</b>	<b>756,4</b>
Gross margin (%)	57,5 %	60,3 %	59,4 %	61,7 %	62,3 %
Other operating revenue	1,5	1,0	3,9	3,3	9,5
Employee benefits expense	-55,2	-58,2	-175,9	-180,7	-250,0
Other operating expense	-87,7	-82,3	-258,0	-243,1	-343,9
Other operating expense - IFRS 16 effect	29,0	31,9	91,9	95,9	127,2
<b>EBITDA</b>	<b>46,9</b>	<b>72,6</b>	<b>130,9</b>	<b>169,4</b>	<b>299,1</b>
EBITDA margin (%)	16,8 %	24,2 %	16,5 %	21,1 %	24,5 %
No. of shopping days	92	92	271	271	363
No. of physical stores at period end (excl. franchise)	117	120	117	120	121

<sup>1</sup> Calculated in local currency

## Segment: Kid Interior

**Revenues** in Kid Interior increased by +1.4% (-3.9%) to MNOK 457.9 (MNOK 451.7). Like-for-like revenues including online decreased by -1.0% (-7.1%).

Total revenues increased following an increased store portfolio of six additional stores by the end of Q3 2022 compared to Q3 2021.

Like-for-like revenues decreased due to a reduction of footfall to physical stores, especially in August. Average revenue per customer remained stable for the quarter.

Online revenues increased by +37.0% (+7.2%) to MNOK 34.9 (MNOK 25.5).

**Gross profit** decreased by MNOK -32.4 compared to last year due to a reduced gross margin. The **gross margin** decreased by 7.9 percentage points on the back of increased freight costs, as well as higher sales volumes of rebated summer seasonal products compared with same quarter last year.

**Employee expenses** increased by +6.5% to MNOK 89.2:

- +2.5 percentage points due to net new stores
- +0.2 percentage points in LFL stores due to slightly higher hourly cost, partly offset by fewer hours spent
- -3.3 percentage points due to lower bonus provisions for Q3
- +7.1 percentage points in headquarter costs due to increase in HQ staff and a store manager kick-off which was arranged in Q4 last year as a digital event, as well as general salary increases

Year to date bonus provision amounted to MNOK 1.2 (MNOK 7.4).

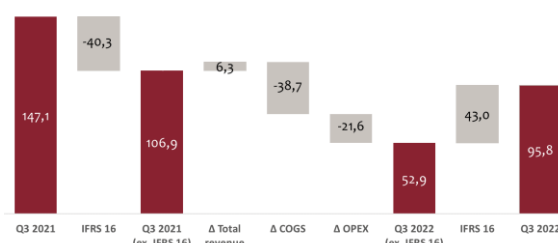
**Other operating expenses** increased by +26.3% to MNOK 63.6 including IFRS 16:

- +10.8 percentage points in rental costs mainly related to net new stores as well as increased shared operating costs and rental index adjustments on LFL-stores
- +1.0 percentage point from increased marketing costs according to plan
- +19.9 percentage points in other OPEX as a result of increased electricity costs and store operating consumables as well as higher travel costs compared with less travelling last year due to Covid19 restrictions
- -5.4 percentage points related to change in IFRS 16 effects

Covid-19 cost effect during Q3 has been estimated at MNOK 0.0 compared to MNOK 1.2 in Q3 last year.

**EBITDA** decreased by MNOK -51.3 to MNOK 95.8 (MNOK 147.1).

### Q3 2021 vs. Q3 2022 EBITDA bridge, MNOK



**Capital Expenditure** during Q3 amounted to MNOK 20.0 (MNOK 11.1) mainly reflecting refurbishments and openings of stores.

Two stores were relocated during the third quarter. There were no opened, closed or refurbished stores. The total number of physical stores at the end of the quarter was 155 (149).



## Segment: Hemtex

**Revenues** decreased by MNOK -22.1 to MNOK 276.8. In local currency, revenues decreased by -1.0% to MSEK 292.3. Like-for-like revenues including online sales were up by 0.8%.

The revenue decrease was mainly caused by a decrease in footfall to physical stores in August and a decrease in B2B-revenues from Hemtex24H of MNOK 4.4 in Q3 2022 compared to Q3 2021.

Online revenues increased by +41.7% (+18.4%) to MNOK 40.2 (MNOK 28.4) based on a constant currency calculation.

**Gross profit** decreased by MNOK -21.0 due to lower revenues and a decreased margin. The **gross margin** decreased by 2.8 percentage points on the back of increased freight costs, as well as higher sales volumes of rebated summer seasonal products compared with same quarter last year.

**Employee expenses** decreased by -5.2% to MNOK 55.2:

- +0.2 percentage points due to net new and closed stores
- +1.8 percentage points in LFL stores due to vacation pay related to timing of staff vacation, increased sick leave and general salary increase
- -0.6 percentage points due to lower bonus provisions
- -6.6 percentage points due to changes in SEK/NOK exchange rate

Year to date bonus provision amounted to MNOK 0.0 (MNOK 1.2).

**Other operating expenses** increased by 16.5% to MNOK 58.7 including IFRS 16:

- +2.0 percentage points mainly related to increased rental space in LFL stores and rental index adjustments
- +11.2 percentage points related to changes in marketing campaigns between Q3 and Q4 according to plan.
- +8.9 percentage points mainly related to increased third-party logistics cost driven by

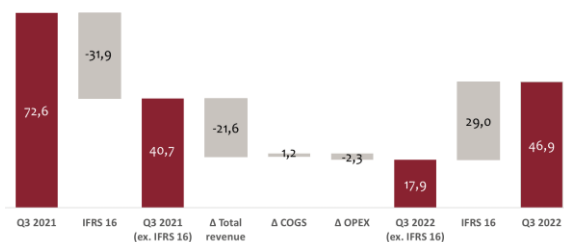
higher volumes, as well as higher online transport costs and increased use of temporary staff in stores

- -7.4 percentage points due to changes in SEK/NOK exchange rate
- +1.8 percentage points related to change in IFRS 16 effects

**Covid-19 cost reduction effect** during Q3 has been estimated at MNOK 0.0 (MNOK 0.2).

**EBITDA** decreased by MNOK -25.7 to MNOK 46.9 (MNOK 72.6). When applying the SEK/NOK-rates from Q3 2021, the EBITDA in Q3 2022 is negatively affected by MNOK -3.2 due to a weaker SEK.

### Q3 2021 vs. Q3 2022 EBITDA bridge, MNOK



**Capital Expenditure** during Q3 amounted to MNOK 2.8 (MNOK 8.2) mainly related to refurbishment and relocation of stores.

One store was closed, one store was relocated, and one store was refurbished during the third 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 117 (120).

## Events after the end of the reporting period

Kid ASA released a stock announcement on 4 November 2022 related to lower gross margin in Q3 2022 due to high freight costs. The higher freight cost is expected to negatively impact the gross margin for Q4 2022 and into 2023. With freight spot rates currently decreasing combined with actions to secure normalized margins for future purchases, we expect a gradual gross margin improvement during

2023. Our Financial Objective; stable gross margin in line with the past 10 years, remains unchanged for 2023.

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

Lier, 8 November 2022

The board of Kid ASA



Handwritten signatures of the board members of Kid ASA, each followed by a horizontal line and the name of the signatory.

Petter Schouw-Hansen

Karin Bing Orgland

Rune Marsdal

Liv Berstad

Gyrid Skalleberg Ingerø

Espen Gundersen



# Kid ASA - Group figures Q3 2022

## Financial statements

## Interim consolidated statement of profit and loss

(Amounts in NOK thousand)	Note	Q3 2022 Unaudited	Q3 2021 Unaudited	Q1-Q3 2022 Unaudited	Q1-Q3 2021 Unaudited	FY 2021 Audited
Revenue		734 699	750 573	2 069 418	1 996 705	3 097 096
Other operating revenue		1 532	1 040	4 008	3 790	10 010
<b>Total revenue</b>		<b>736 232</b>	<b>751 613</b>	<b>2 073 426</b>	<b>2 000 495</b>	<b>3 107 106</b>
Cost of goods sold		-326 898	-289 408	-853 481	-756 998	-1 159 506
Employee benefits expense		-144 480	-141 861	-453 502	-431 252	-617 303
Depreciation and amortisation expenses	9	-86 422	-84 770	-260 887	-250 790	-336 376
Other operating expenses		-122 143	-100 704	-345 679	-307 350	-452 730
<b>Total operating expenses</b>		<b>-679 942</b>	<b>-616 744</b>	<b>-1 913 549</b>	<b>-1 746 391</b>	<b>-2 565 916</b>
<b>Operating profit</b>		<b>56 290</b>	<b>134 869</b>	<b>159 877</b>	<b>254 104</b>	<b>541 190</b>
Financial income		513	1 252	1 466	4 958	7 361
Financial expense		-12 959	-12 130	-36 216	-49 243	-63 384
<b>Net financial income (+) / expense (-)</b>		<b>-12 446</b>	<b>-10 878</b>	<b>-34 750</b>	<b>-44 285</b>	<b>-56 023</b>
<b>Share of result from joint ventures</b>		<b>-2 530</b>	<b>0</b>	<b>-4 405</b>	<b>0</b>	<b>0</b>
<b>Profit before tax</b>		<b>41 314</b>	<b>123 991</b>	<b>120 722</b>	<b>209 819</b>	<b>485 167</b>
Income tax expense		-11 801	-26 221	-30 511	-44 514	-100 741
<b>Net profit (loss) for the period</b>		<b>29 513</b>	<b>97 770</b>	<b>90 211</b>	<b>165 304</b>	<b>384 426</b>
<b>Interim condensed consolidated statement of comprehensive income</b>						
Profit for the period		29 513	97 770	90 211	165 304	384 426
Other comprehensive income		28 470	20 347	134 340	67 525	75 629
Tax on comprehensive income		-6 052	-4 983	-29 914	-15 144	-16 188
<b>Total comprehensive income for the period</b>		<b>51 931</b>	<b>113 134</b>	<b>194 637</b>	<b>217 685</b>	<b>443 867</b>
Attributable to equity holders of the parent		51 931	113 134	194 637	217 685	464 881
<b>Basic and diluted Earnings per share (EPS):</b>		<b>0,73</b>	<b>2,41</b>	<b>2,22</b>	<b>4,07</b>	<b>9,46</b>



## Interim consolidated statement of financial position

(Amounts in NOK thousand)	Note	30.09.2022	30.09.2021	31.12.2021
Assets		Unaudited	Unaudited	Audited
Goodwill	9	67 266	69 247	70 286
Trademark	9	1 511 606	1 513 138	1 511 788
Other intangible assets	9	24 518	15 130	19 096
Deferred tax asset		0	0	22 968
<b>Total intangible assets</b>		<b>1 603 391</b>	<b>1 597 515</b>	<b>1 624 140</b>
Right of use asset	9	795 465	709 525	756 941
Fixtures and fittings, tools, office machinery and equipment	9	202 190	201 176	203 158
<b>Total tangible assets</b>		<b>997 655</b>	<b>910 701</b>	<b>960 099</b>
Investments in associated companies and joint ventures	10	0	0	30
Loans to associated companies and joint ventures	10	23 158	0	0
<b>Total financial fixed assets</b>		<b>23 158</b>	<b>0</b>	<b>30</b>
<b>Total fixed assets</b>		<b>2 624 204</b>	<b>2 508 216</b>	<b>2 584 268</b>
Inventories		876 556	586 215	646 764
Trade receivables		16 153	14 955	21 999
Other receivables		32 966	24 969	25 023
Derivatives		148 448	8 390	17 439
<b>Total receivables</b>		<b>197 567</b>	<b>48 314</b>	<b>64 461</b>
Cash and bank deposits		6 482	93 031	239 331
<b>Total currents assets</b>		<b>1 080 605</b>	<b>727 560</b>	<b>950 556</b>
<b>Total assets</b>		<b>3 704 809</b>	<b>3 235 779</b>	<b>3 534 824</b>

## Interim consolidated statement of financial position

(Amounts in NOK thousand)	Note	30.09.2022	30.09.2021	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
<b>Total paid-in-equity</b>		<b>434 440</b>	<b>434 440</b>	<b>434 440</b>
Other equity		860 279	789 334	828 223
<b>Total equity</b>		<b>1 294 719</b>	<b>1 223 774</b>	<b>1 262 663</b>
Deferred tax		346 100	327 381	332 280
<b>Total provisions</b>		<b>346 100</b>	<b>327 381</b>	<b>332 280</b>
Lease liabilities		553 919	477 095	517 550
Liabilities to financial institutions	6	621 642	536 600	451 628
<b>Total long-term liabilities</b>		<b>1 175 561</b>	<b>1 013 695</b>	<b>969 177</b>
Lease liabilities		259 201	239 733	249 737
Liabilities to financial institutions	6	200 695	41 980	95 000
Trade payable		113 496	79 821	159 751
Tax payable		14 314	57 448	90 335
Public duties payable		119 087	115 690	172 851
Other short-term liabilities		181 588	127 634	197 865
Derivatives		50	8 624	5 166
<b>Total short-term liabilities</b>		<b>888 430</b>	<b>670 930</b>	<b>970 705</b>
<b>Total liabilities</b>		<b>2 410 091</b>	<b>2 012 006</b>	<b>2 272 162</b>
<b>Total equity and liabilities</b>		<b>3 704 809</b>	<b>3 235 779</b>	<b>3 534 824</b>

## Interim consolidated statement of changes in equity

(Amounts in NOK thousand)	Total paid-in equity	Other equity	Total equity
<b>Balance at 1 Jan 2021</b>	<b>434 440</b>	<b>750 164</b>	<b>1 184 601</b>
Profit for the period YTD 2021	0	165 304	165 304
Other comprehensive income / Cash Flow Hedges	0	52 705	52 705
Dividend	0	-178 839	-178 839
<b>Balance at 30 Sep 2021</b>	<b>434 440</b>	<b>789 334</b>	<b>1 223 774</b>
<b>Balance at 1 Jan 2022</b>	<b>434 440</b>	<b>828 209</b>	<b>1 262 660</b>
Profit for the period YTD 2022	0	90 212	90 212
Other comprehensive income / Cash Flow Hedges	0	104 426	104 426
Dividend	0	-162 581	-162 581
<b>Balance at 30 Sep 2022</b>	<b>434 440</b>	<b>860 279</b>	<b>1 294 719</b>

## Interim consolidated statement of cash flows

(Amounts in NOK thousand)	Note	Q3 2022 Unaudited	Q3 2021 Unaudited	Q1-Q3 2022 Unaudited	Q1-Q3 2021 Unaudited	FY 2021 Audited
<b>Cash Flow from operation</b>						
Profit before income taxes		41 314	123 990	120 723	209 818	485 166
Taxes paid in the period		-5 550	-6 888	-97 171	-65 017	-105 964
Depreciation & Impairment	9	86 422	84 770	260 887	250 790	336 376
Effect of exchange fluctuations		-155	420	-1 855	9 321	16 861
<b>Change in net working capital</b>						
Change in inventory		-93 741	-33 449	-228 366	-113 804	-180 317
Change in trade debtors		4 506	-1 871	5 295	2 927	-4 448
Change in trade creditors		12 933	23 554	-43 348	14 539	71 228
Change in other provisions <sup>1</sup>		4 516	-1 041	-58 219	-112 281	54 798
<b>Net cash flow from operations</b>		<b>50 245</b>	<b>189 484</b>	<b>-42 054</b>	<b>196 294</b>	<b>673 701</b>
<b>Cash flow from investment</b>						
Purchase of fixed assets	9	-23 402	-19 042	-61 514	-55 662	-92 614
Loans to associated companies and joint ventures	10	16 188	0	-15 012	0	0
<b>Net Cash flow from investments</b>		<b>-7 214</b>	<b>-19 042</b>	<b>-76 526</b>	<b>-55 662</b>	<b>-92 614</b>
<b>Cash flow from financing</b>						
Proceeds from long term loans		0	0	50 000	130 000	0
Proceeds/repayment of revolving credit facility		0	-65 000	64 882	-65 000	65 000
Repayment of Term Loans		0	0	-10 000	-8 678	-38 678
Overdraft facility		29 194	0	170 693	0	0
Lease payments for principal portion of lease liability		-66 105	-66 856	-202 620	-199 155	-264 951
Dividend payment		0	0	-162 581	-178 839	-365 807
Net interest		-10 627	-10 007	-30 975	-28 736	-39 283
<b>Net cash flow from financing</b>		<b>-47 539</b>	<b>-141 863</b>	<b>-120 602</b>	<b>-350 409</b>	<b>-643 719</b>
Cash and cash equivalents at the beginning of the period		4 039	60 716	239 331	301 276	301 276
Net change in cash and cash equivalents		-4 509	28 577	-239 180	-209 774	-62 631
Exchange gains / (losses) on cash and cash equivalents		6 951	3 736	6 330	1 530	683
<b>Cash and cash equivalents at the end of the period</b>		<b>6 481</b>	<b>93 031</b>	<b>6 481</b>	<b>93 031</b>	<b>239 331</b>

<sup>1</sup> 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 third 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.

### Q3 2022

(Amounts in NOK thousand)	KID Interior	Hemtex	Total
Revenue	457 926	276 774	734 699
COGS	-209 329	-117 569	-326 898
Gross profit	248 597	159 205	407 802
Other operating revenue	7	1 526	1 532
Operating expense (OPEX)	-152 754	-113 868	-266 622
EBITDA	95 849	46 863	142 712
Operating profit	45 324	10 966	56 290
Gross margin (%)	54,3 %	57,5 %	55,5 %
OPEX to sales margin (%)	33,4 %	41,1 %	36,3 %
EBITDA margin (%)	20,9 %	16,8 %	19,4 %
Inventory	536 685	339 871	876 556
Total assets	2 827 294	877 515	3 704 809

## Note 6 Loans and borrowings

### Financing agreements

At the balance sheet date, the Group has the following borrowing facilities

(Amounts in NOK thousand)	Utilised 30.09.2022	Available Facility	Interest	Maturity	Repayment
Total term loan	521 700	571 700		5 years	Instalments <sup>1</sup>
Of which secured with fixed interest rate:					
Denominated in NOK	395 000	445 000	Fixed rate at 1,876% + 1.25% <sup>2</sup>		
Denominated in SEK	75 000	75 000	Fixed rate at 1,460% + 1.25% <sup>3</sup>		
Revolving credit facility	130 000	130 000	3 months Nibor + 1.10%	3 years	At maturity
Overdraft	170 694	247 000	1 week IBOR + 1.10%	12 months	At maturity
	<b>822 394</b>	<b>948 700</b>			

<sup>1</sup> NOK 30M in annual instalments with bi-annual payments.

<sup>2</sup>Fixed interest rate is secured through an interest rate swap of MNOK 395 maturing May 2029 and subject to hedge accounting

<sup>3</sup>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

	Q3 2022	Q3 2021	Q1-Q3 2022	Q1-Q3 2021	FY 2021
Weighted number of ordinary shares	40 645 162	40 645 162	40 645 162	40 645 162	40 645 162
Net profit or loss for the year	29 513	97 770	90 211	165 304	384 426
Earnings per share (basic and diluted) (Expressed in NOK per share)	<b>0,73</b>	<b>2,41</b>	<b>2,22</b>	<b>4,07</b>	<b>9,46</b>

## 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 nine months of 2022 and 2021:

Related Party	Q1-Q3 2022	Q1-Q3 2021
Prognosgatan Holding AS (Loan)	23 158	0
<b>Total</b>	<b>23 158</b>	<b>0</b>

Prognosgatan Holding AS is a single-purposed company investing in the joint-venture warehouse project in Borås, Sweden.

## Note 9 Fixed assets and intangible assets

(amounts in NOK thousand)	Right of use Asset	PPE	Trademark	Other Intangibles	Goodwill
<b>Balance 01.01.2022</b>	<b>756 941</b>	<b>203 158</b>	<b>1 511 788</b>	<b>19 096</b>	<b>70 286</b>
Exchange differences	493	-255	-182	-734	-3 020
Additions, disposals and adjustments	243 418	52 518		8 425	
Depreciation and amortisation	-205 387	-53 231		-2 269	
<b>Balance 30.09.22</b>	<b>795 465</b>	<b>202 191</b>	<b>1 511 606</b>	<b>24 518</b>	<b>67 266</b>

(amounts in NOK thousand)	Right of use Asset	PPE	Trademark	Other Intangibles	Goodwill
<b>Balance 01.01.2021</b>	<b>821 683</b>	<b>199 513</b>	<b>1 515 484</b>	<b>5 622</b>	<b>72 281</b>
Exchange differences	-10 916	-1 749	-2 346	-167	-3 034
Additions, disposals and adjustments	97 622	54 514	-	11 016	-
Depreciation and amortisation	-198 865	-51 102	-	-1 341	-
<b>Balance 30.09.21</b>	<b>709 525</b>	<b>201 176</b>	<b>1 513 138</b>	<b>15 130</b>	<b>69 247</b>

## Note 10 Investments in subsidiaries and joint ventures

The group had the following subsidiaries as of 30 September 2022:

Name	Place of business	Nature of business	parent (%)
Kid Interiør AS	Norway	Interior goods retailer	100
Kid Logistikk AS	Norway	Logistics	100
Kid Eiendom 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

\*Hemtex Logistikk AS changed Company name to Kid Eiendom AS during the second quarter

All subsidiary undertakings are included in the consolidation.

The group had the following joint ventures on 30 September 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 Q3 2022 was MNOK -2,5. Per the reporting date, the carrying amount is MNOK 0 and MNOK -4,4 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 it 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.

