

A modern living room interior featuring a fireplace with a fire, a glass coffee table with three decorative vases, a blue armchair, and a grey armchair. The room has a rustic yet contemporary feel with wood paneling and a textured rug.

Kid ASA

8 November 2022

Q3 2022

Presentation available
at investor.kid.no

Financial Summary

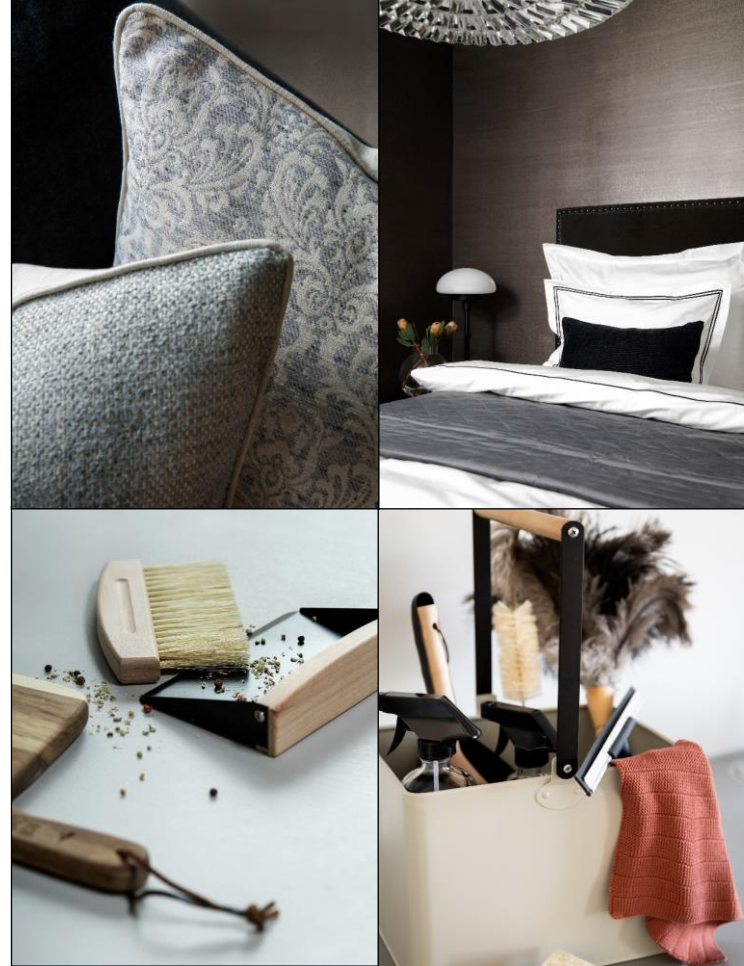
Third quarter in brief

- Group revenues¹ increased by 0.5% (3.6%). LFL revenues decreased by -0.4% (0.1%)
 - Reduction in footfall to physical stores
- Gross margin decreased by -5.9 percentage points
 - High freight rates in 2022 not sufficiently incorporated in our calculation models, and consequently not reflected in increased sales prices
- EBITDA decreased by MNOK 76.9 to MNOK 142.7
 - Higher logistic costs following higher inventory
 - Increased general expenses especially electricity
- EPS of NOK 0.73 (2.41)



Operational focus in Q3

- Revenues from new categories introduced since 2017 increased by 21% during the quarter. Significant growth in 'Outdoor range', 'Homewear' and 'Lighting and Lamps'.
- 'Nice & Tidy' introduced as a new concept
- 'Premium Collection' now expanded from bedlinen to also including curtains and 'decorative pillows'
- Challenging operational logistic situation due to inventory build-up caused by earlier deliveries than planned
- Well prepared for the most important quarter of the year

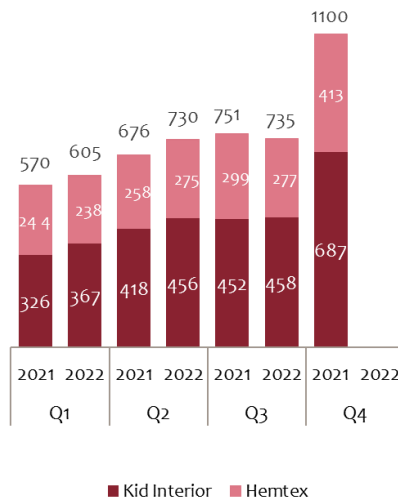


Revenues

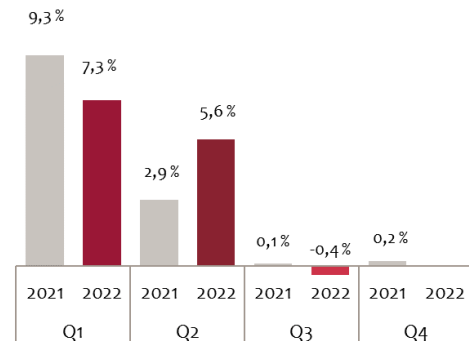
Group revenues increased by 0.5%¹ (3.6%¹)

- Group like-for-like revenues decreased by -0.4% (+0.1%) including online sales
 - Reduction in footfall to physical stores, but increased online traffic
 - Positive development in new categories
- Kid Interior revenue growth of 1.4% (-3.9%)
 - Like-for-like decrease of -1.0% (-7.1%) including online sales
 - Online sales increase of 37.0%
- Hemtex revenues decreased by -1.0% (17.4%) in local currency
 - Reported revenues including FX-effects decreased by -7.4%
 - Like-for-like growth of 0.8% (14.6%) including online sales
 - Online sales increase of 41.6%

Revenues (MNOK)



Group like-for-like growth (%)

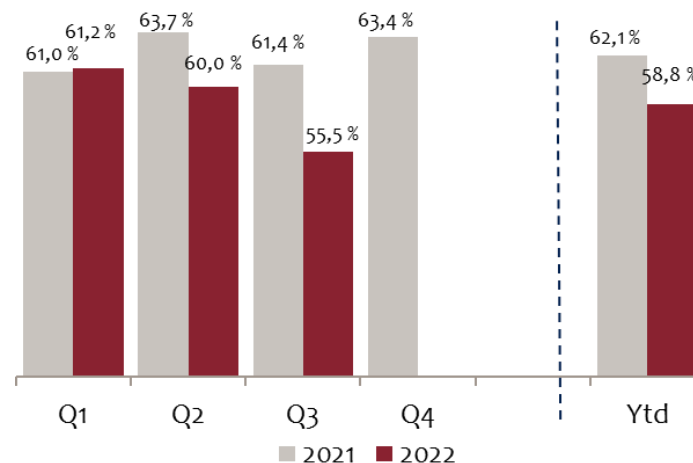


Gross margin

Gross margin in Q3 suffered from high freight cost

- High freight rates in 2022 not sufficiently incorporated in our calculation models, and consequently not reflected in increased sales prices
- 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 H1 2022
- Group gross margin was 55.5 % for the quarter, down by 5.9 pp compared to Q3 2021
 - Kid Interior decreased gross margin by -7.9 pp to 54.3% (62.2%)
 - Hemtex decreased gross margin by -2.8 pp to 57.5% (60.3%)
- The higher freight cost in our current inventory is also expected to negatively impact the gross margin for Q4 2022 and into 2023.
- Financial Objective of stable gross margin in line with the past 10 years remains unchanged for 2023
 - Freight spot rates currently decreasing
 - Ongoing actions to secure normalized margins for future purchases

Group gross margins

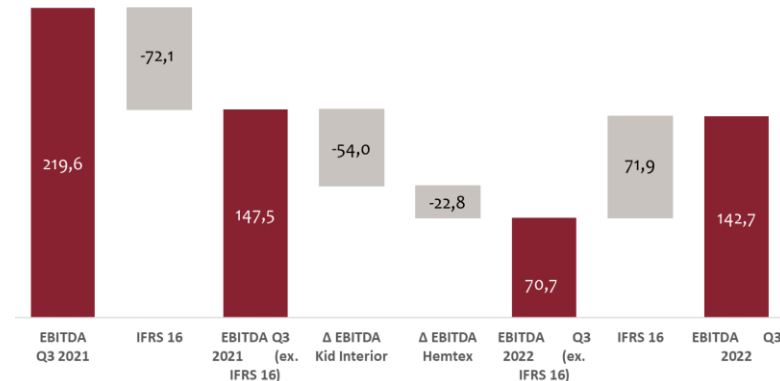


EBITDA

EBITDA of 142.7 (219.6) in Q3

- EBITDA decreased by MNOK 76.9 to MNOK 142.7
 - Increased OPEX of MNOK 23.8 excluding IFRS16 effects due to new stores, general costs increases from electricity, third party logistics costs, planned marketing increase and HQ salaries
 - Lower Covid-19 related cost reduction effects accounted for MNOK 1.4
 - OPEX-to-sales of 46.1% (42.1%) when adding back Covid-19 related cost reduction effects
- Kid Interior EBITDA of MNOK 95.8 (MNOK 147.1)
 - Increased OPEX related to new stores, increased electricity costs, increased HQ staff and store operating materials, partly offset by lower bonus provisions
- Hemtex EBITDA of MNOK 46.9 (MNOK 72.6)
 - Increased OPEX related to logistics activity following higher volumes and planned marketing
 - Weakened SEK/NOK FX rates reduced the Hemtex EBITDA by MNOK -3.2 compared to Q3 last year

EBITDA Q3 2022 vs. Q3 2021

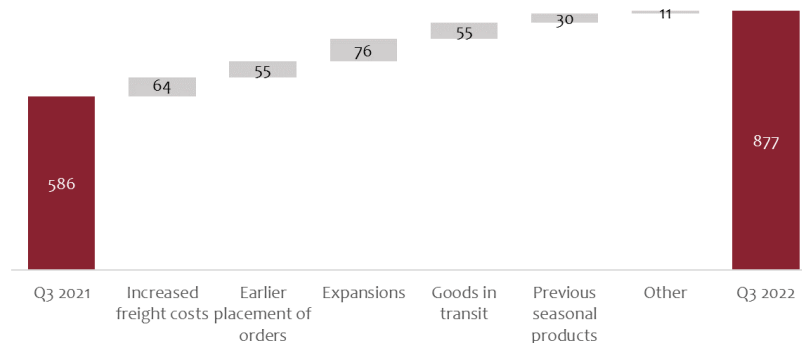


Inventory

Inventory of MNOK 877 (MNOK 586)

- Inventory affected by discrepancies in the value chain
 - Increased freight costs included in inventory of MNOK 64
 - Earlier placement of orders due to uncertain delivery times resulting in approximately MNOK 55 higher inventory than planned
- Planned inventory increase driven by
 - New stores and expanded store sizes as well as expanded product and category assortment with a total of approximately MNOK 76
 - Earlier inventory recognition of goods in transit compared to last year (no cash effect) of MNOK 55
- A healthy inventory with limited obsolescence and high turn-over. Seasonal products accounting for 20% of inventory, remaining 80% is all-year products
- We expect an inventory build-down towards a more normalized level during 2023

Inventory increase of MNOK 291 from Q3 2021



Cash flow

(Amounts in NOK million)	Q3 2022	Q3 2021	Q1-Q3 2022	Q1-Q3 2021	FY 2021
Net cash flow from operations	50,2	189,5	-42,1	196,3	673,7
Net Cash flow from investments	-7,2	-19,0	-76,5	-55,7	-92,6
Net cash flow from financing	-47,5	-141,9	-120,6	-350,4	-643,7
Net change in cash and cash equivalents	-4,5	28,6	-239,2	-209,8	-62,6
Cash and cash equivalents at the beginning of the period	4,0	60,7	239,3	301,3	301,3
Exchange gains / (losses) on cash and cash equivalents	7,0	3,7	6,3	1,5	0,7
Cash and cash equivalents at the end of the period	6,5	93,0	6,5	93,0	239,3

Working Capital

(Amounts in NOK million)	Q3 2022	Q3 2021	Q1-Q3 2022	Q1-Q3 2021	FY 2021
Change in inventory	-93,7	-33,4	-228,4	-113,8	-180,3
Change in trade debtors	4,5	-1,9	5,3	2,9	-4,4
Change in trade creditors	12,9	23,6	-43,3	14,5	71,2
Change in other provisions ¹	4,5	-1,0	-58,2	-112,3	54,8
Change in working capital	-71,8	-12,8	-324,6	-208,6	-58,7

Satisfactory financial position and liquidity

- Cash flow from operations decreased by MNOK 139.3 compared to Q3 2021
 - Decreased profit
 - Increased inventory as a result of maintained higher freight costs, earlier deliveries, increased number of stores and product categories expansion
- Cash flow from investments reflects CAPEX in stores and new online platform, offset by repayment of loan related to the new warehouse project in Sweden of MNOK 16.2
- Cash flow from financing influenced by higher inventory and utilisation of bank overdraft facility
- Gearing ratio, excl. IFRS16 effects, of 1.62x (0.83x)
- Net interest-bearing debt excl. IFRS16 leasing liabilities of MNOK 815.9 (MNOK 485.5)
- Cash and available credit facilities of MNOK 132.8 (MNOK 505.0) by the end of the quarter

Semi-annual dividend

Dividend of NOK 2.50 per share

- The Board of Directors has decided to pay a half-year dividend of NOK 2.50 per share as a prepayment on the fiscal year 2022, representing 33% of adjusted net income for the last twelve months
- Following the Q4 2022 results, the board of directors will propose the next half-year dividend to the annual general meeting in May 2023
- The proposed pay-out details are:
 - Last day including right: 23 November 2022
 - Ex-date: 24 November 2022
 - Record date: 25 November 2022
 - Payment date: 7 December 2022
 - Date of approval: 8 November 2022 (Board Resolution according to proxy approved at the Annual General Meeting)



Growth strategy



LIKE-FOR-LIKE

Category development and expansion

Development of store concept

Increased service level in stores

Development of Hemtex24H



OMNICHANNEL

New joint online platform launched in 2021

Improve utilization of customer club and insights

New multi channel sales initiatives



STORE NETWORK

Maintain an optimized store portfolio of up to 320 stores

Expansion plan for Finland and Estonia



EXTENDED RETAIL CONCEPT

Pilot an extended retail concept based on existing and new categories in online store in Norway and in 5 physical stores

Develop a rollout plan for all markets based on successful pilots

FOUNDATION FOR PROFITABILITY:

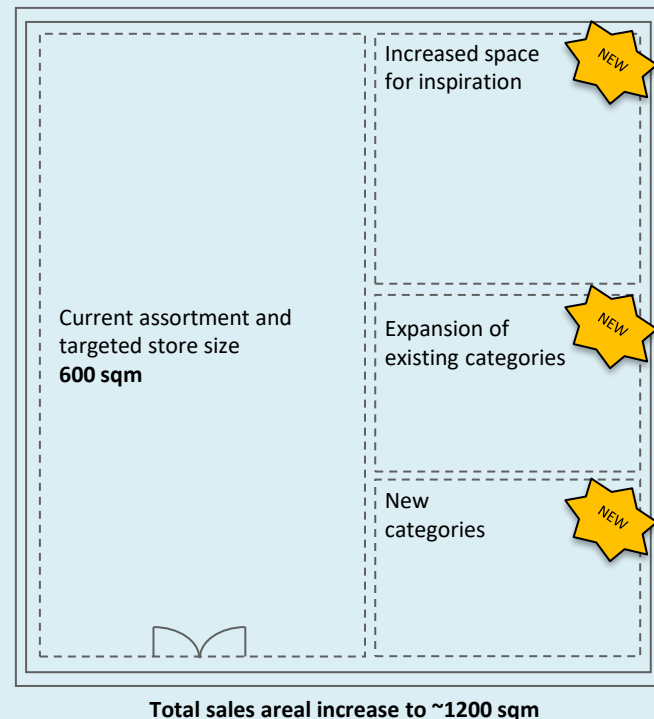
Cost and working capital control
Continued integration and realisation of synergies

Extended retail concept

Summary

- After successfully expanding the assortment in recent years, Kid is currently expanding and relocating the current store portfolio to ~600 sqm in all markets. Reference is made to the Q1-2022 presentation.
- From January 2021, Kid initiated the development of an extended retail concept. The category team was increased by three FTE's to support the project which is now ready to launch.
- A large proportion of the extended assortment will be available during Q4-2022, and additional products will be introduced throughout 2023.
- The concept is already available online in Norway (www.kid.no), and the first pilot store will open in Sartor (Bergen) on 17th November 2022. We expect that a large portion of the sales from the extended assortment will come from our omni channel solution available in all Norwegian stores and online.
- In physical pilot stores the target is ~1200 sqm to make room for (1) increased visibility of existing assortment, (2) expansion of existing categories, and (3) new categories

Conceptual model for expanded physical stores (extended assortment also available online)



Extended retail concept

The assortment and rollout


- The assortment is developed in line with the existing design principles: Inspirational, good quality and value-for-money
- Examples of categories expansions include Premium Collection, Office Supply and Paperware, Kitchen Accessories, Rugs and Carpets and Lamps/Lighting and Large accessories
- Examples of new categories includes a focused assortment of European manufactured larger furniture like sofas and beds
- The assortment is made available online, in pilot stores and through our unique “instore online orders” functionality from all our Norwegian stores



Extended retail concept

Value chain

- The expanded assortment including larger furniture and beds is already in inventory with MNOK 8.5 in value
- The extended assortment related to larger furniture and beds is handled by a third party logistics provider in Europe with delivery time directly to customer of 4-7 business days
- Target gross margin for extended assortment is ~60% and for new categories the target is 35-40% (including operational expenses related to logistics and last-mile distribution)
- The five pilot stores are expected to open from Q4-22 to Q2-23



PILOTS	TYPE	OPENING
Online (www.kid.no)	Expansion	Q4-22
Sartor (Bergen)	Relocation	Q4-22
Dikeveien (Fredrikstad)	Refurbishment and expansion	Q1-23
Ski Storsenter	Relocation	Q1-23
Stavanger	Relocation	Q2-23
Sørlandssenteret (Kristiansand)	Relocation	Q2-23

Extended retail concept

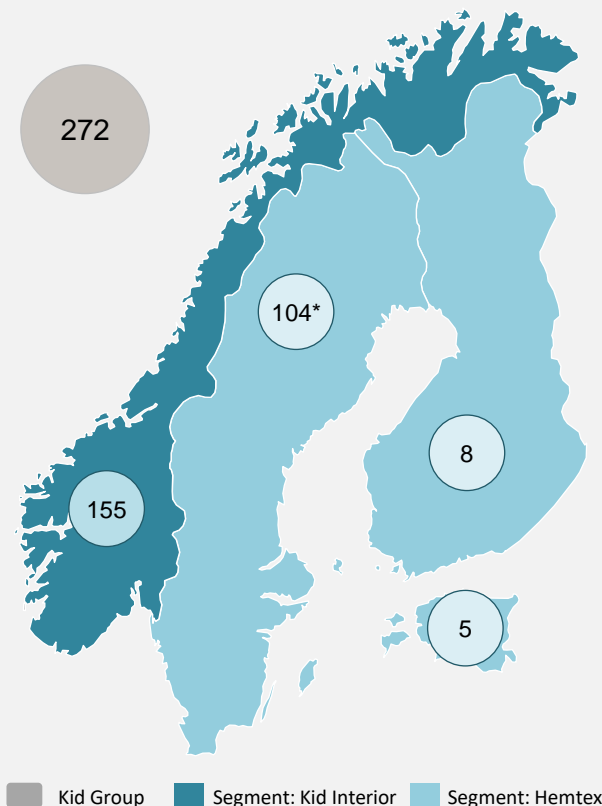




Store portfolio activity

	Completed year to date	Signed, but not yet completed
New stores	NO: Skøyen NO: Kolbotn Torg	NO: Ullevål (Q4 22) NO: Trondheim Torg (Q2 23) NO: Grünerløkka (Q2 24) NO: Fredrikstad (Q4 24) EST: Kristiine Keskus, Tallin (Q4 22)
Closures	SE: 4 stores	NO: 1 store SE: 1 store
Relocations	NO: 3 stores SE: 6 stores	NO: 8 stores SE: 4 stores FI: 1 store
Refurbishment/ expansion	NO: 8 stores SE: 3 stores	NO: 6 stores SE: 5 stores FI: 1 store EST: 2 stores

Number of stores per quarter end



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

Outlook

- Well prepared for the Christmas shopping season
- 2 new stores to open in Q4 2022 of which 1 are in Norway (Ullevål) and 1 in Estonia (Kristiine Keskus)
- New warehouse in Sweden progressing as planned. Expect building to be finalized in April 2023 and operational during summer of 2023
- We expect an inventory build-down towards a more normalized level during 2023
- Following increased freight costs, our current inventory has a relatively high share of freight costs that will be charged as the goods are sold in the upcoming quarters. Hence, we will not be able to meet our Financial Objectives for 2022 with regards to the gross margin level
- With freight spot rates decreasing, and our immediate actions to ensure normalized gross margin for future goods purchases, we expect gradual improvement of the gross margin during 2023. We maintain our Financial Objectives for 2023 with regards to the gross margin level





Q&A
Kid

Segment: Kid Interior

(Amounts in NOK millions)	Q3 2022	Q3 2021	Q1-Q3 2022	Q1-Q3 2021	FY 2021
Revenue	457,9	451,7	1 280,2	1 196,1	1 883,5
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
Gross profit	248,6	281,0	747,0	745,7	1 181,2
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
EBITDA	95,8	147,1	289,9	335,5	578,5
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



Segment: Hemtex

(Amounts in NOK millions)	Q3 2022	Q3 2021	Q1-Q3 2022	Q1-Q3 2021	FY 2021
Revenue	276,8	298,9	789,2	800,6	1 213,6
Revenue growth ¹	-1,0%	17,4 %	3,9 %	10,7 %	10,1 %
LFL growth including online sales ¹	0,8 %	14,6 %	2,7 %	10,9 %	9,8 %
COGS	-117,6	-118,8	-320,2	-306,6	-457,2
Gross profit	159,2	180,2	469,0	494,0	756,4
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
EBITDA	46,9	72,6	130,9	169,4	299,1
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



Income statement

(Amounts in NOK thousand)	Q3 2022	Q3 2021	Q1-Q3 2022	Q1-Q3 2021
Revenue	734,7	750,6	2 069,4	1 996,7
COGS	-326,9	-289,4	-853,5	-757,0
Gross profit	407,8	461,2	1 215,9	1 239,7
Gross margin (%)	55,5 %	61,4 %	58,8 %	62,1 %
Other operating revenue	1,5	1,0	4,0	3,8
OPEX	-266,6	-242,6	-799,2	-738,6
EBITDA	142,7	219,6	420,8	504,9
EBITDA margin (%)	19,4 %	29,2 %	20,3 %	25,2 %
Depreciation and amortisation	-86,4	-84,8	-260,9	-250,8
EBIT	56,3	134,9	159,9	254,1
EBIT margin (%)	7,6 %	17,9 %	7,7 %	12,7 %
Net finance	-12,4	-10,9	-34,7	-44,3
Share of result from joint ventures	-2,5	0,0	-4,4	0,0
Profit before tax	41,3	124,0	120,7	209,8
Net profit	29,5	97,8	90,2	165,3



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
Total intangible assets		1 603 391	1 597 515	1 624 140
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
Total tangible assets		997 655	910 701	960 099
Investments in associated companies and joint ventures	10	0	0	30
Loans to associated companies and joint ventures	10	23 158	0	0
Total financial fixed assets		23 158	0	30
Total fixed assets		2 624 204	2 508 216	2 584 268
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
Total receivables		197 567	48 314	64 461
Cash and bank deposits		6 482	93 031	239 331
Total currents assets		1 080 605	727 560	950 556
Total assets		3 704 809	3 235 779	3 534 824

(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
Total paid-in-equity		434 440	434 440	434 440
Other equity		860 279	789 334	828 223
Total equity		1 294 719	1 223 774	1 262 663
Deferred tax		346 100	327 381	332 280
Total provisions		346 100	327 381	332 280
Lease liabilities		553 919	477 095	517 550
Liabilities to financial institutions	6	621 642	536 600	451 628
Total long-term liabilities		1 175 561	1 013 695	969 177
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
Total short-term liabilities		888 430	670 930	970 705
Total liabilities		2 410 091	2 012 006	2 272 162
Total equity and liabilities		3 704 809	3 235 779	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	4,0	3,6		6,1	11,3	15,6
Segment allocated other operating expense	0,6	1,7	0,6	1,0	0,5	1,3		2,6	1,6	6,5
Hemtex										
Segment allocated employee benefits expense	-3,3	-0,8	-4,0	-5,2	-4,0	-3,6		-6,1	-11,3	-15,6
Segment allocated other operating expense	-0,6	-1,7	-0,6	-1,0	-0,5	-1,3		-2,6	-1,6	-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 %	1,4 %	
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 %	-1,0 %	

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 %	-1,0 %	
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 %	0,8 %	

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	79		227

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

Total number of stores	153	155	155
Total number of LFL stores	147	147	147

Hemtex

Number of sales days

Year	Q1	Q2	Q3	Q4	Total
2021	89	90	92	91	362
2022	89	90	92		271

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
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2022	Q1	Q2	Q3	Q4	Total
New stores	0	0	0		0
Closed stores	2	1	1		4
Relocated stores	3	1	2		6
Refurbished stores	1	2	1		4

Total number of stores*	130	129	128
Total number of LFL stores*	126	125	124

*incl franchise stores