



Kid ASA

16 February 2023

**Q4 2022**

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

# Financial Summary

## Fourth quarter in brief

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- Group revenues<sup>1</sup> increased by 2.1% (2.5%). LFL revenues increased by 1.8% (0.2%)
  - Online growth of +18.2%
  - Challenging retail market in all segments
- Gross margin decreased by -6.5 percentage points
  - Mainly caused by increased freight costs without corresponding price adjustments
  - More availability of campaign products and increased discounting compared with same quarter last year
- EBITDA decreased by MNOK 75.9 to MNOK 296.8
  - Increased general expenses, especially electricity, offset by lower bonus provisions
- EPS of NOK 3.91 (5.39)
- Inventory reduced according to plan contributing to a very strong quarterly cashflow





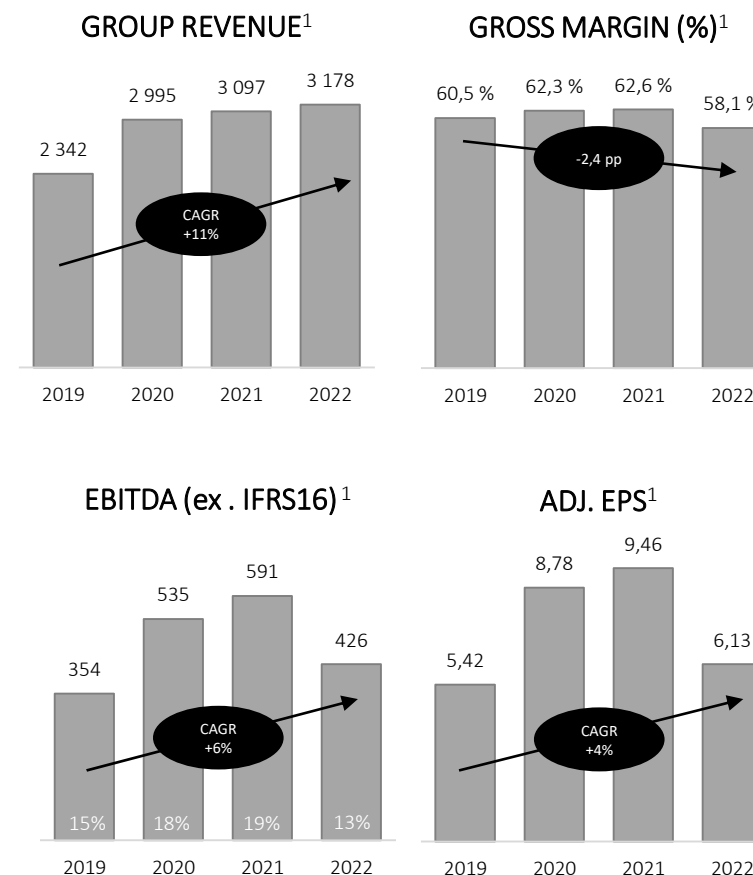
# Operational focus in Q4

- Promising launch of Kid Extended in first pilot store and online during Q4. Five Kid Extended stores will be launched in Norway by the end of Q2 2023. The gross margin for new categories in line with expectation (35-40%) including logistics and last-mile distribution
- New categories remain a key growth driver. Revenues from new categories launched during or after 2017 increased by 27.6% to MNOK 136.1<sup>1</sup>
- Our growth strategy in Finland and Estonia remains. During Q4, one new store opened in Estonia and one store was expanded in Finland.
- Based on our CO2 roadmap, we have submitted reduction targets to the Science Based Target Initiative.



# Full year financial summary

- Strong revenue development in a challenging market
  - Group revenue growth of 2.6 %
  - Like-for-like growth of 3.1 %
  - Online growth of 12.1 %, representing 10.8 % (10.2%<sup>2</sup>) of total revenues
- Unexpected drop in gross margin by -4.5 pp due to volatility in freight cost that was not incorporated in our price calculation model
- OPEX (excluding IFRS 16) to sales margin of 44.9% (43.8%)
- EBITDA (excluding IFRS 16) reduced by MNOK -165, mainly driven by the drop in gross margin
- Full-year dividend of NOK 5.50 per share (incl. pre-payment of NOK 2.50 in December 2022), equivalent to a pay-out ratio of 90%



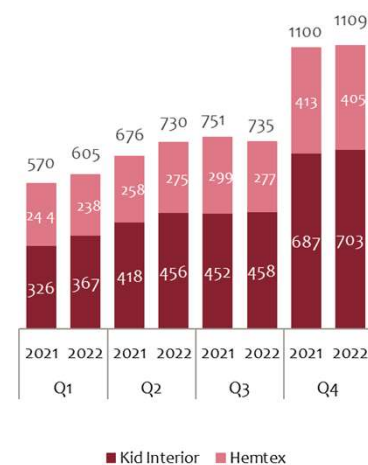


# Revenues

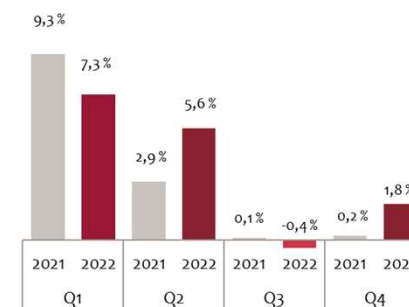
## Group revenues Q4 increased by 2.1%<sup>1</sup> (2.5%<sup>1</sup>)

- Group like-for-like revenues increased by +1.8% (+0.2%) including online sales
  - Reduction in footfall to physical stores in October and November, but increase in footfall in December
  - Online growth of 18.2%, equivalent to an online share of 11,0%. When including click-and-collect, the online share was 16,6%
  - Positive development in new categories
- Kid Interior revenue growth of 2.3% (-1.0%)
  - Like-for-like increase of +0.9% (-3.8%) including online sales
  - Online sales increase of 23.9%
- Hemtex revenue growth of 1.7% (9.0%) in local currency
  - Like-for-like growth of 3.5% (7.8%) including online sales
  - Online sales increase of 12.6%
  - Reported revenues including FX-effects decreased by -1.9%

## Revenues (MNOK)



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

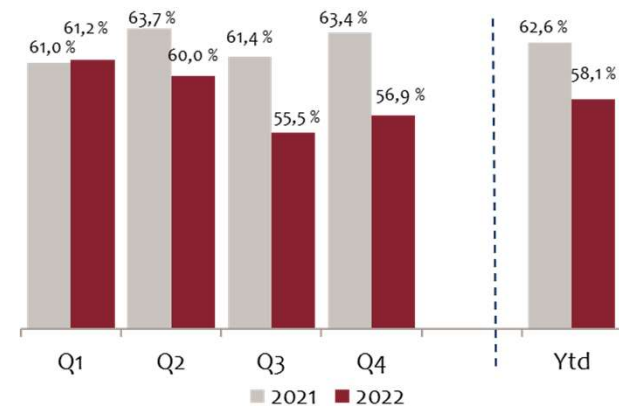


# Gross margin

## Gross margin negatively affected by freight costs and rebating

- Group gross margin was 56.9 % for the quarter, down by 6.5 pp compared to Q4 2021
  - Kid Interior decreased gross margin by -5.3 pp to 58.1% (63.4%)
  - Hemtex decreased gross margin by -8.8 pp to 54.7% (63.5%)
- Reduction of gross margin mainly caused by increased freight costs without corresponding price adjustments
- More availability of campaign products and increased discounting compared with same quarter last year
- Financial Objective of stable gross margin in line with the past 10 years remains unchanged for 2023
  - Freight spot rates currently decreasing towards pre-Covid levels
  - Actions implemented to secure normalized margins for future purchases

## Group gross margins

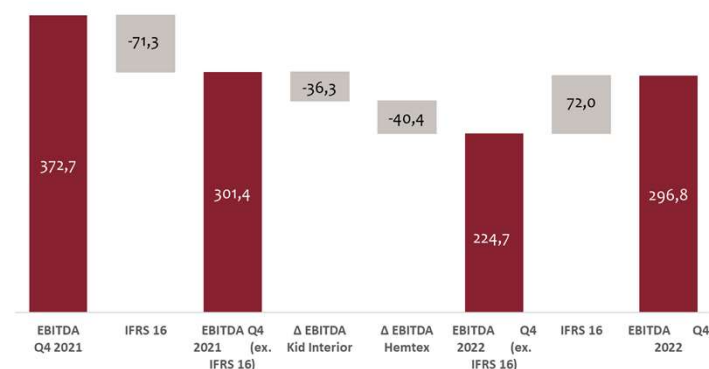


# EBITDA

## EBITDA of 296.8 (372.7) in Q4

- EBITDA decreased by MNOK 75.9 to MNOK 296.8
  - Increased Other operating expenses of MNOK 13.2 excluding IFRS16 effects due to increased rental costs, general costs increases from electricity and increased logistics costs following higher inventory levels
  - Decreased Employee benefit expenses of MNOK -9.7 mainly due to lower bonus provisions
  - Covid-19 related cost reduction effects of MNOK 0 (MNOK 2.9)
  - OPEX-to-sales of 36.7% (36.9%) when adding back Covid-19 related cost reduction effects
  - OPEX-to-sales (excluding IFRS 16) on a full-year basis was 44.9% (43,8%)
- Kid Interior EBITDA of MNOK 208.0 (MNOK 242.9)
  - Increased OPEX mainly related to increased shared operating costs, net new stores, rental index adjustments on LFL-stores and increased cost of HQ staff. OPEX offset by lower bonus provisions
- Hemtex EBITDA of MNOK 88.8 (MNOK 129.7)
  - Reduced OPEX following lower costs of HQ and lower bonus provisions. Increased third-party logistics activity following higher volumes and increased rental costs
  - Weakened SEK/NOK FX rates reduced the Hemtex EBITDA by MNOK -3.3 compared to Q4 last year

## EBITDA Q4 2022 vs. Q4 2021





# Cash flow

(Amounts in NOK million)	Q4 2022	Q4 2021	FY 2022	FY 2021
Net cash flow from operations	581,8	464,2	547,9	673,7
Net Cash flow from investments	-57,5	-23,8	-143,1	-92,6
Net cash flow from financing	-449,5	-293,3	-569,1	-643,7
<b>Net change in cash and cash equivalents</b>	<b>74,9</b>	<b>147,1</b>	<b>-164,3</b>	<b>-62,6</b>
Cash and cash equivalents at the beginning of the period	6,5	93,0	239,3	301,3
Exchange gains / (losses) on cash and cash equivalents	-5,6	-0,8	0,7	0,7
<b>Cash and cash equivalents at the end of the period</b>	<b>75,7</b>	<b>239,3</b>	<b>75,7</b>	<b>239,3</b>

<b>Working Capital</b>				
(Amounts in NOK million)	Q4 2022	Q4 2021	FY 2022	FY 2021
Change in inventory	199,2	-66,5	-29,2	-180,3
Change in trade debtors	3,8	-7,4	9,1	-4,4
Change in trade creditors	9,0	81,7	-34,3	71,2
Change in other provisions <sup>1</sup>	89,4	128,9	39,3	54,8
<b>Change in working capital</b>	<b>301,4</b>	<b>136,7</b>	<b>-15,1</b>	<b>-58,7</b>

## Satisfactory financial position and liquidity

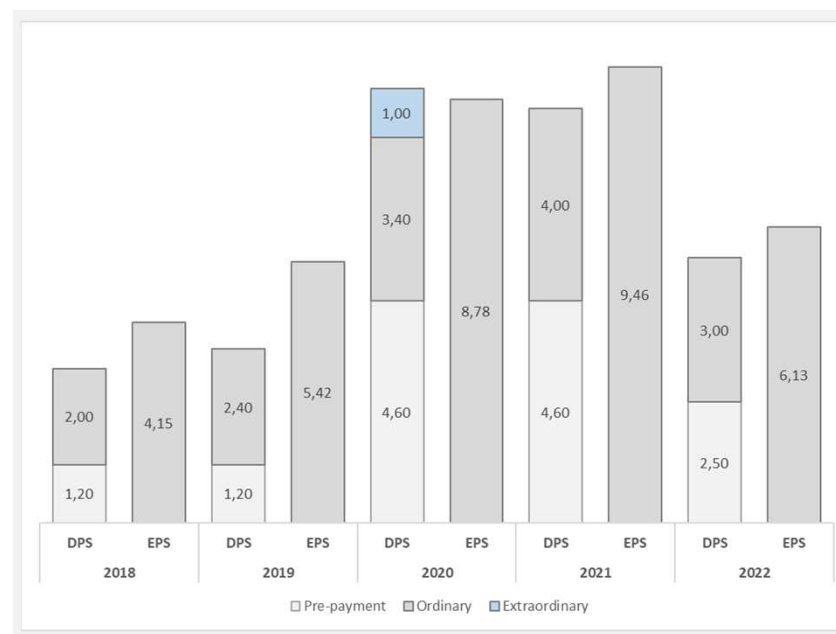
- Cash flow from operations increased by MNOK 117.6 compared to Q4 2021 mainly because of inventory reduction during the quarter
- Cash flow from investments reflects CAPEX in stores and new online platform of MNOK 33.3, investment in the new warehouse in Sweden of MNOK 15.8 and technical infrastructure and back-office systems of MNOK 8.4
- Cash flow from financing influenced by down payment of RCF and bank overdraft facility
- Gearing ratio, excl. IFRS16 effects, of 1.12x (0.52x)
- Net interest-bearing debt excl. IFRS16 leasing liabilities of MNOK 475.9 (MNOK 307.3)
- Cash and available credit facilities of MNOK 552.7 (MNOK 651.3) including a new MNOK 100 short term facility agreed in December
- Positive effects from Working capital changes
  - Inventory build-down in Q4 2022
  - Trade creditors was unusually high last year due to rental payments delayed from Q4 2021 to Q1 2022
  - Other provisions reduced due to lower bonus provisions in Q4 2022 compared to Q4 2021

# Dividend

## Payout ratio 90%

- The Board of Directors will propose to the Annual General Meeting a dividend of NOK 3.00 share to be paid 26 May 2023
- Including dividend pre-payment of NOK 2.50 in November 2022, the ordinary dividends for 2022 is NOK 5.50, i.e. a pay-out ratio of 90% which is at the same level as last year
- The proposed pay-out details are:
  - Last day including right: 11 May 2023
  - Ex-date: 12 May 2023
  - Record date: 15 May 2023
  - Payment date: 26 May 2023
  - Date of approval: 11 May 2023 (Annual General Meeting)
- Kid's dividend policy remains unchanged with a target of 80-100 percent dividend pay-out ratio with semi-annual payments. The distribution policy is dynamic, and any excess capital will be returned to shareholders

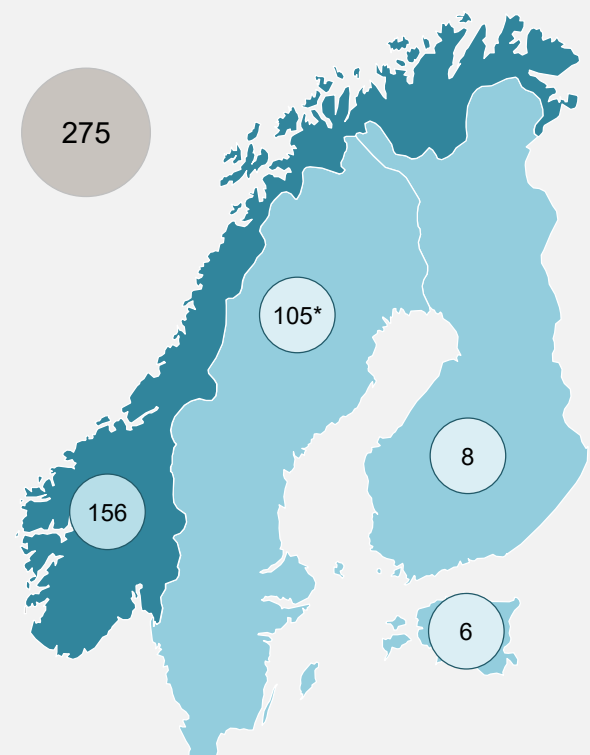
## Dividend per share (DPS) and Adj<sup>1</sup> Earnings per share (EPS)



# Store portfolio activity

	Completed 2022	Signed, but not yet completed
<b>New stores</b>	NO: Skøyen NO: Kolbotn Torg NO: Ullevål SE: Port 73 Haninge EST: Kristiine Keskus, Tallin	NO: Trondheim Torg (Q2 23) NO: Grünerløkka (Q2 24) NO: Fredrikstad (Q4 24) FI: Lippulaiva, Espoo (Q1 23)
<b>Closures</b>	SE: 4 stores	NO: 1 store (January 2023) SE: 1 store (January 2023) FI: 1 store (January 2023)
<b>Relocations</b>	NO: 6 stores SE: 7 stores FI: 1 store	NO: 5 stores SE: 2 stores
<b>Refurbishment/ expansion</b>	NO: 9 stores SE: 7 stores FI: 1 store EST: 1 store	NO: 5 stores SE: 1 store EST: 1 store FI: 1 store

Number of stores per quarter end



Kid Group
  Segment: Kid Interior
  Segment: Hemtex

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



# Outlook

- The construction of our new warehouse in Sweden is progressing as planned and we expect to be fully operative in May. Logistics operation to be relocated during March and April
- Continued piloting of Kid Extended as planned
  - Five Kid Extended stores (including pilot opened in Q4 2022) will be launched in Norway during Q2 2023
  - A large proportion of the extended assortment was available during Q4 2022, and additional products will be introduced throughout 2023
- Freight costs have been materially reduced on shipments arriving in the beginning of 2023 onwards, and we expect a gradual margin improvement during 2023
- Due to unusual high inflation in all our markets during 2022, the store and warehouse rent index regulation for 2023 will be in the range of 8 –10%
- Focus on improving our market position in a challenging macro environment











# 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

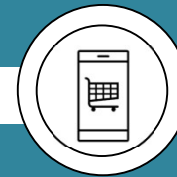
New multi channel sales initiatives



## 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

# Segment: Kid Interior

(Amounts in NOK millions)	Q4 2022	Q4 2021	FY 2022	FY 2021
<b>Revenue</b>	<b>703,4</b>	<b>687,4</b>	<b>1 983,6</b>	<b>1 883,5</b>
Revenue growth	2,3 %	-1,0%	5,3 %	1,1 %
LFL growth including online sales	0,9 %	-3,8%	3,2 %	-1,8%
COGS	-294,7	-251,9	-828,0	-702,3
<b>Gross profit</b>	<b>408,7</b>	<b>435,5</b>	<b>1 155,6</b>	<b>1 181,2</b>
Gross margin (%)	58,1 %	63,4 %	58,3 %	62,7 %
Other operating revenue	0,0	0,0	0,1	0,5
Employee benefits expense	-114,8	-116,7	-392,2	-367,2
Other operating expense	-127,2	-115,8	-434,4	-395,9
Other operating expense - IFRS 16 effect	41,3	39,9	168,7	159,8
<b>EBITDA</b>	<b>208,0</b>	<b>242,9</b>	<b>497,9</b>	<b>578,5</b>
EBITDA margin (%)	29,6 %	35,3 %	25,1 %	30,7 %
No. of shopping days	81	81	308	308
No. of physical stores at period end	156	153	156	153



# Segment: Hemtex

(Amounts in NOK millions)	Q4 2022	Q4 2021	FY 2022	FY 2021
<b>Revenue</b>	<b>405,2</b>	<b>413,0</b>	<b>1 194,4</b>	<b>1 213,6</b>
Revenue growth <sup>1</sup>	1,7 %	9,0 %	3,2 %	10,1 %
LFL growth including online sales <sup>1</sup>	3,5 %	7,8 %	2,8 %	9,8 %
COGS	-183,4	-150,6	-503,6	-457,2
<b>Gross profit</b>	<b>221,8</b>	<b>262,4</b>	<b>690,8</b>	<b>756,4</b>
Gross margin (%)	54,7 %	63,5 %	57,8 %	62,3 %
Other operating revenue	1,2	6,2	5,1	9,5
Employee benefits expense	-61,6	-69,3	-237,6	-250,0
Other operating expense	-103,3	-100,8	-361,3	-343,9
<b>Other operating expense - IFRS 16 effect</b>	<b>30,7</b>	<b>31,3</b>	<b>122,6</b>	<b>127,2</b>
<b>EBITDA</b>	<b>88,8</b>	<b>129,7</b>	<b>219,7</b>	<b>299,1</b>
EBITDA margin (%)	21,8 %	30,9 %	18,3 %	24,5 %
No. of shopping days	91	91	362	362
No. of physical stores at period end (excl. franchise)	119	121	119	121



# Income statement

(Amounts in NOK thousand)	Q4 2022	Q4 2021	FY 2022	FY 2021
Revenue	1 108,6	1 100,4	3 178,0	3 097,1
COGS	-478,1	-402,5	-1 331,6	-1 159,5
<b>Gross profit</b>	<b>630,4</b>	<b>697,9</b>	<b>1 846,4</b>	<b>1 937,6</b>
Gross margin (%)	56,9 %	63,4 %	58,1 %	62,6 %
Other operating revenue	1,2	6,2	5,2	10,0
OPEX	-334,9	-331,4	-1 134,1	-1 070,0
<b>EBITDA</b>	<b>296,8</b>	<b>372,7</b>	<b>717,5</b>	<b>877,6</b>
EBITDA margin (%)	26,7 %	33,7 %	22,5 %	28,2 %
Depreciation and amortisation	-87,4	-85,6	-348,3	-336,4
<b>EBIT</b>	<b>209,4</b>	<b>287,1</b>	<b>369,2</b>	<b>541,2</b>
EBIT margin (%)	18,9 %	25,9 %	11,6 %	17,4 %
Net finance	-12,8	-11,7	-47,5	-56,0
Share of result from joint ventures	1,6	0,0	-2,8	0,0
<b>Profit before tax</b>	<b>198,2</b>	<b>275,3</b>	<b>318,9</b>	<b>485,2</b>
<b>Net profit</b>	<b>159,0</b>	<b>219,1</b>	<b>249,2</b>	<b>384,4</b>





# Statement of financial position

(Amounts in NOK thousand)	Note	31.12.2022 Unaudited	31.12.2021 Audited
<b>Assets</b>			
Goodwill	9	65 479	70 286
Trademark	9	1 510 224	1 511 788
Other intangible assets	9	35 326	19 096
Deferred tax asset		4 344	22 968
<b>Total intangible assets</b>		<b>1 615 373</b>	<b>1 624 140</b>
Right of use asset	9	760 734	756 941
Fixtures and fittings, tools, office machinery and equipment	9	237 245	203 158
<b>Total tangible assets</b>		<b>997 979</b>	<b>960 099</b>
Investments in associated companies and joint ventures	10	0	30
Loans to associated companies and joint ventures	10	23 795	0
<b>Total financial fixed assets</b>		<b>23 795</b>	<b>30</b>
<b>Total fixed assets</b>		<b>2 637 148</b>	<b>2 584 268</b>
Inventories		668 753	646 764
Trade receivables		12 094	21 999
Other receivables		32 756	25 023
Derivatives		59 449	17 439
<b>Total receivables</b>		<b>104 299</b>	<b>64 461</b>
Cash and bank deposits		75 721	239 331
<b>Total current assets</b>		<b>848 774</b>	<b>950 556</b>
<b>Total assets</b>		<b>3 485 922</b>	<b>3 534 824</b>

(Amounts in NOK thousand)	Note	31.12.2022 Unaudited	31.12.2021 Audited
<b>Equity and liabilities</b>			
Share capital		48 770	48 770
Share premium		321 050	321 050
Other paid-in-equity		64 617	64 617
<b>Total paid-in-equity</b>		<b>434 440</b>	<b>434 440</b>
Other equity		838 940	828 223
<b>Total equity</b>		<b>1 273 380</b>	<b>1 262 663</b>
Deferred tax		322 723	332 280
<b>Total provisions</b>		<b>322 723</b>	<b>332 280</b>
Lease liabilities		523 528	517 550
Liabilities to financial institutions	6	521 646	451 628
<b>Total long-term liabilities</b>		<b>1 045 175</b>	<b>969 177</b>
Lease liabilities		258 257	249 737
Liabilities to financial institutions	6	30 000	95 000
Trade payable		122 459	159 751
Tax payable		57 745	90 335
Public duties payable		167 139	172 851
Other short-term liabilities		201 815	197 865
Derivatives		7 229	5 166
<b>Total short-term liabilities</b>		<b>844 644</b>	<b>970 705</b>
<b>Total liabilities</b>		<b>2 212 542</b>	<b>2 272 162</b>
<b>Total equity and liabilities</b>		<b>3 485 922</b>	<b>3 534 824</b>

# Allocated segment costs

(MNOK)	Q1 2022	Q1 2021	Q2 2022	Q2 2021	Q3 2022	Q3 2021	Q4 2022	Q4 2021	Total year 2022	Total year 2021
<b>Kid ASA and Kid Interior</b>										
Segment allocated employee benefits expense	3,3	0,8	4,0	5,2	4,0	3,6	3,9	6,1	15,2	15,6
Segment allocated other operating expense	0,6	1,7	0,6	1,0	0,5	1,3	0,5	2,6	2,1	6,5
<b>Hemtex</b>										
Segment allocated employee benefits expense	-3,3	-0,8	-4,0	-5,2	-4,0	-3,6	-3,9	-6,1	-15,2	-15,6
Segment allocated other operating expense	-0,6	-1,7	-0,6	-1,0	-0,5	-1,3	-0,5	-2,6	-2,1	-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 %	1,4 %	2,3 %
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 %	0,9 %

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 %	1,7 %
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 %	3,5 %

# 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	81	308

### 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	1	3
Closed stores	0	0	0	0	0
Relocated stores	0	1	2	3	6
Refurbished stores	5	3	0	1	9

Total number of stores	153	155	155	156
Total number of LFL stores	147	147	147	147

## Hemtex

### Number of sales days

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

### 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	2	2
Closed stores	2	1	1	0	4
Relocated stores	3	1	2	2	8
Refurbished stores	1	2	1	6	10

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

\*incl franchise stores