

Kid ASA

Q1 2023 presentation



Financial summary

First quarter in brief

- Group revenue Q1 increased by 0.1% (+6.1%). In constant currency:
 - Group revenue decreased by -1.3% (9.3%)
 - LFL revenue decreased by -0.3% (7.3%)
 - Online growth of 1.8% (-12.1%)
- Strong performance in Norway, challenging retail market in Sweden and Estonia
- Gross margin decreased by -5.2 percentage points
 - Decrease mainly caused by sale of goods purchased last year at high freight rates without corresponding price adjustments fully effective.
 - Current freight spot rates at a normalised level
- EBITDA decreased by MNOK 53.8 to MNOK 56.6
 - OPEX impacted by relocation costs in Hemtex and index regulation of rent
- EPS of NOK -1.15 (0.21)



Operational focus

- Initiated operations at our new warehouse in Borås (Sweden) in Q1 without any material issues. Relocated from the current third-party logistics provider during April
- ICA terminated agreement with Hemtex 24H
 - Our B2B concept Hemtex 24H had 48 MSEK in sales during 2022 and a gross margin of 35%
 - We expect MSEK 7 (MSEK 24) in sales to ICA during 2023
 - Actions will be implemented to reduce operating expenses
- Our Science Based Target application is currently under review for validation. This will be an important milestone for our climate emissions reduction plan



Kid Extended

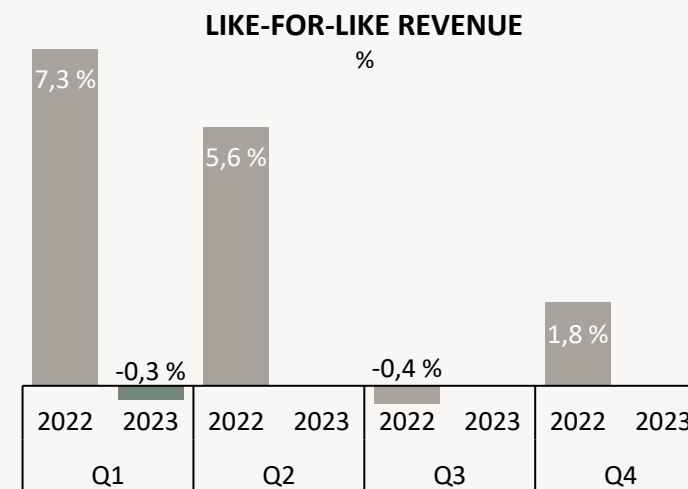
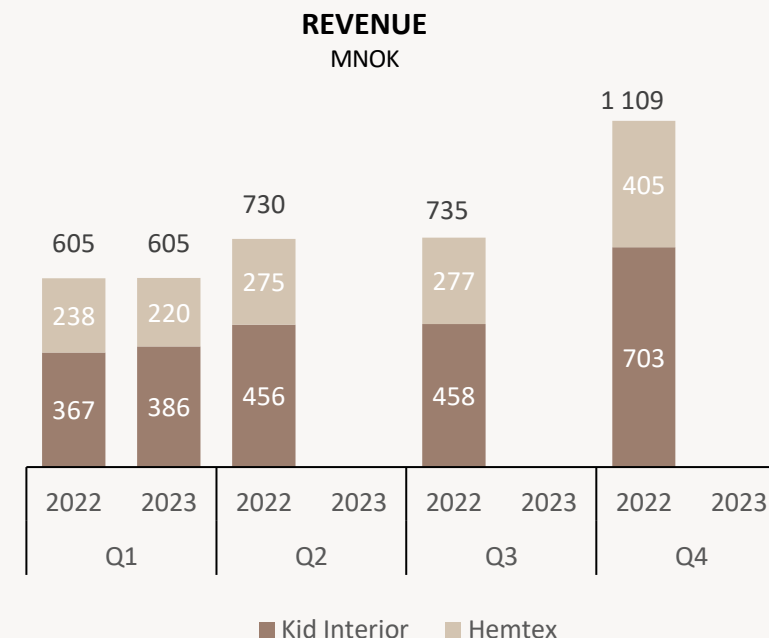
- Kid Extended was launched in Norway during Q4-22 and includes an extended assortment available online, in pilot stores and a selection of our existing larger stores
- One pilot store opened in Q4-22, two were opened during Q1-23 and two opened during Q2-23
- Revenue from the extended assortment was MNOK 6.4 in the quarter, and will increase as the assortment is continuously expanded
- Gross margin, including last mile distribution, is in line with expectations of 35-40% for large furniture
- The initial launch of the pilot phase is considered successful both online and in pilot stores



Revenue

Group revenue Q1 increased by 0.1% (+6.1%)

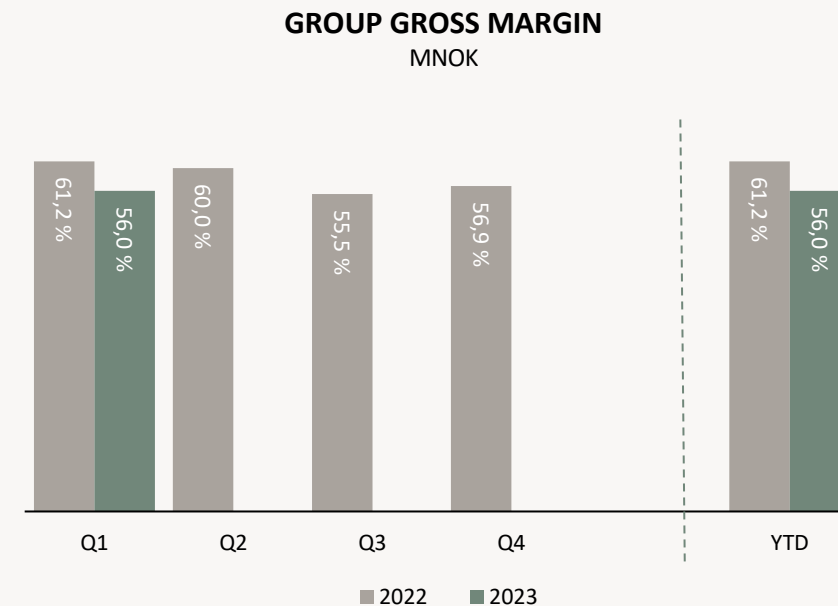
- In constant currency:
 - Group revenue decreased by -1.3% (9.3%)
 - Group like-for-like revenue decreased by -0.3% (+7.3%) including online sales
 - Online growth of 1.8%, equivalent to an online share of 11.7%. When including click-and-collect, the online share was 16.3%
- Kid Interior revenue growth of 5.2% (+12.5%)
 - Positive contribution from Kid Extended and opening campaigns in stores
 - Like-for-like increase of +3.5% (+10.7%) including online sales
 - Online sales increase of 20.8%
- Hemtex revenue decline of -7.7% (-2.1%). In constant currency:
 - Revenue declined -10.9% (+4.8%)
 - Like-for-like decline of -6.5% (+2.0%) including online sales
 - Online sales decrease of -14.0%
 - Revenue impacted by a challenging market and reduced Hemtex 24H sales



Gross margin

Gross margin negatively affected by freight costs

- Group gross margin was 56.0% for the quarter, down by 5.2 pp compared to Q1-22
 - Kid Interior gross margin decreased by -6.0 pp to 55.4% (61.4%)
 - Hemtex gross margin decreased by -3.8 pp to 57.2% (61.0%)
- Reduction of gross margin mainly caused by high freight costs in 2022 without corresponding price adjustments fully effective
- More availability of campaign products and increased discounting compared with the 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 at normalised levels
 - Price adjustments implemented during Q1
 - Inventory of items purchased with high freight rate significantly reduced during Q1

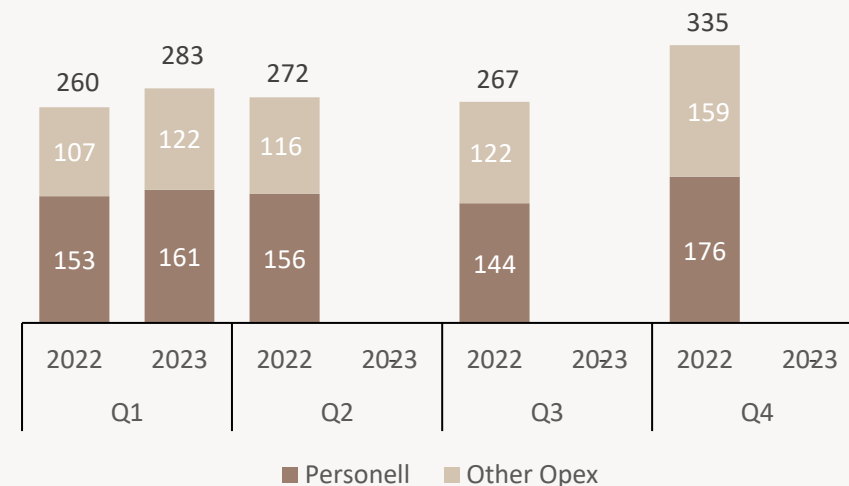


OPEX

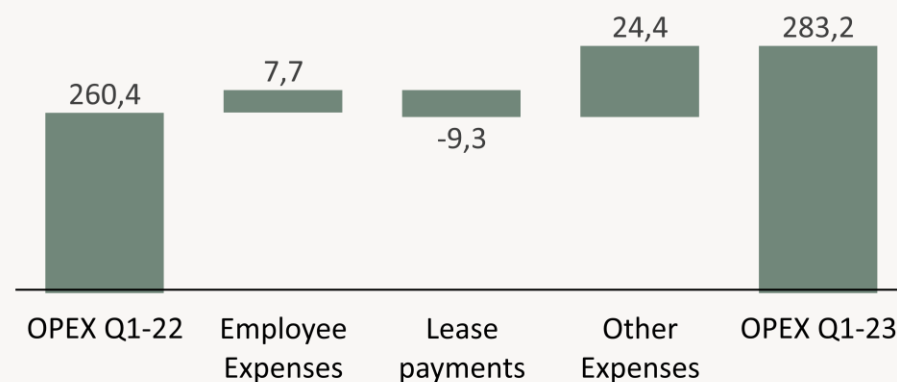
OPEX-TO-SALES OF 60.9% (55.3%)

- Employee benefit expenses increased by MNOK 7.7
 - Increased staffing at HQ, general salary increase and bonus effects
 - MNOK 2.1 due to changes in SEKNOK exchange rate
- Other operating expenses increased by MNOK 15.0
 - Increased rental costs
 - Relocation of warehouse in Sweden of MNOK 3.4
 - MNOK 1.9 due to changes in SEKNOK exchange rate
- Covid-19 related cost reduction effects of MNOK 0 (MNOK 1.4)

OPEX
MNOK

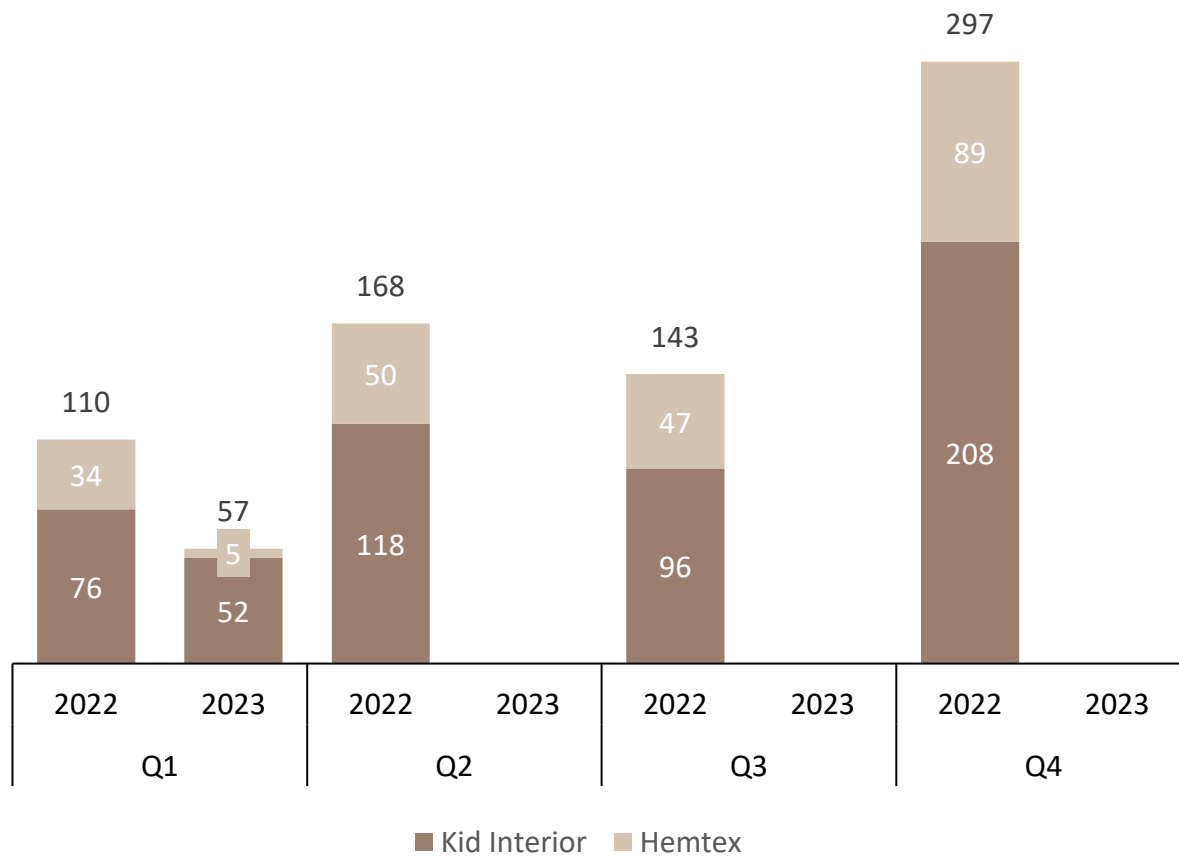


OPEX
MNOK

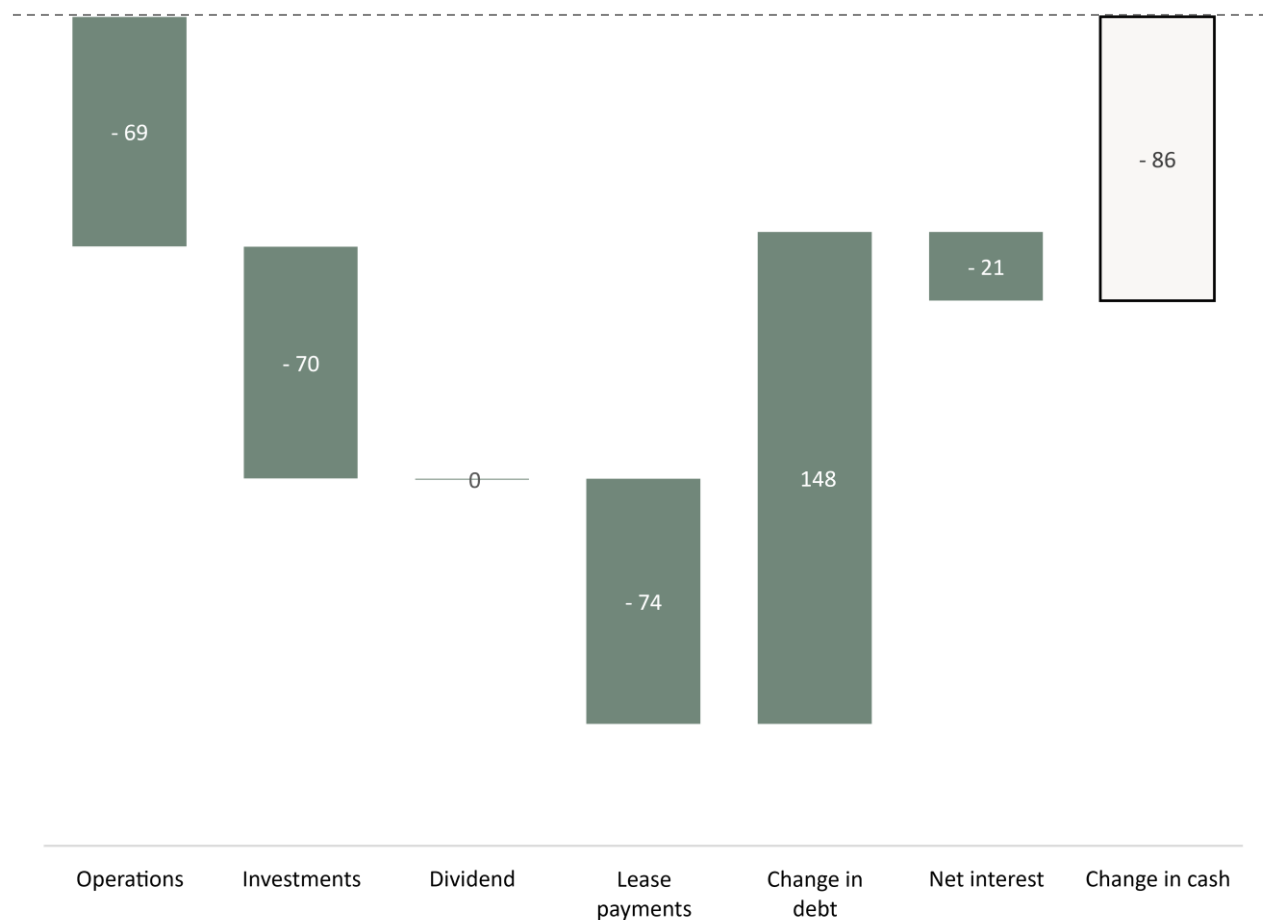


EBITDA

MNOK



Cashflow



Satisfactory financial position and liquidity

- Cash flow from operations was negative by MNOK 69.3 due to a reduction in EBITDA as well as effects from working capital changes
 - Positive effect from inventory build-down in Q1-23
 - Negative effect from other provisions due to payment of public duties payable in Q1
- Cash flow from investments reflects CAPEX in stores and online platform of MNOK 33.0, investment in the new warehouse in Sweden of MNOK 24.2 and loan to Joint Venture related to new warehouse of MNOK 12.8
- Cash flow from financing influenced by utilization of the bank overdraft facility
- Gearing ratio, excl. IFRS16 effects, of 1.94x (1.06x)
- Net interest-bearing debt excl. IFRS16 leasing liabilities of MNOK 700.1 (MNOK 620.0)
- Cash and available credit facilities of MNOK 328.6 (MNOK 338.7) including a new MNOK 100 short term facility agreed in December

Store portfolio activity

Per quarter end

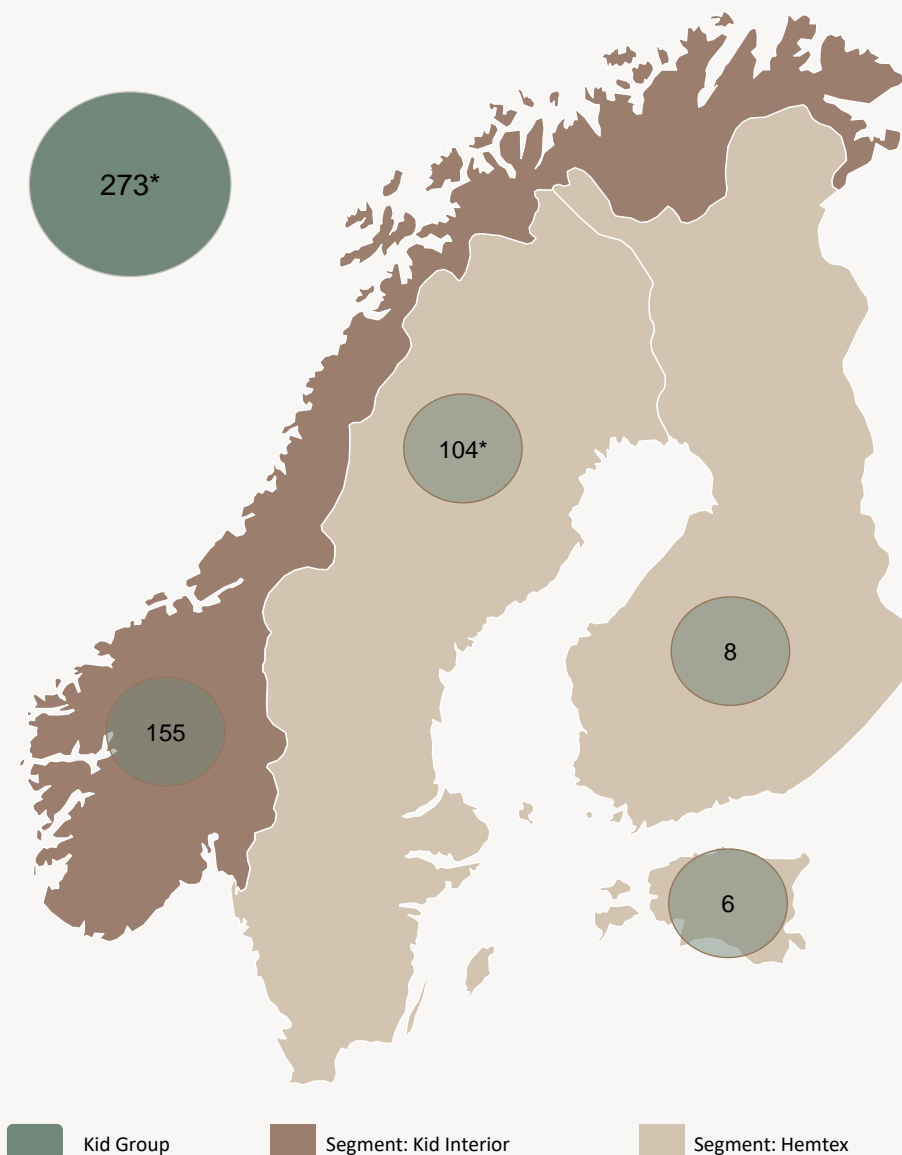
	Completed 2023	Signed, but not yet completed
New stores	FI: Lippulaiva, Espoo	NO: Trondheim Torg (Q2 23) NO: Rørvik (Q4 23) NO: Grünerløkka (Q2 24) NO: Fredrikstad (Q4 24)
Closures	NO: 1 store SE: 1 store FI: 1 store	FI: 1 store (Q3 2023)
Relocations	NO: 4 stores ¹ SE: 1 store	NO: 1 store ² SE: 3 stores
Refurbishment/ expansion	NO: 3 stores ³ SE: 1 store	NO: 6 stores EST: 1 store FI: 1 store

¹of which two stores are Kid Extended

²of which one store is Kid Extended

³of which one store is Kid Extended

NUMBER OF STORES PER QUARTER END



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

Outlook

- Mads Kigen appointed as new CFO from 1 July 2023. Kigen has been employed in Kid since 2021 as Senior Business Development Manager.
- The Annual General Meeting was held 11th of May. All proposed resolutions were approved, including the proposed half-year dividend of NOK 3.00 per share.
- Gross margin is expected to normalise during the year due to a combination of price adjustments and normalised freight rates. We reiterate our target of a normalised gross margin for the full year 2023.
- Group revenue in constant currency were down by -5.1% in April and down by -2.3% year-to-date per April. The gross margin improved as expected in April.



Q&A



Segment: Kid Interior

KID Interior

(Amounts in NOK millions)

	Q1 2023	Q1 2022	FY 2022
Revenue	385,9	366,8	1 983,6
Revenue growth	5,2 %	12,5 %	5,3 %
LFL growth including online sales	3,5 %	10,7 %	3,2 %
COGS	-172,2	-141,7	-828,0
Gross profit	213,7	225,0	1 155,6
Gross margin (%)	55,4 %	61,4 %	58,3 %
Other operating revenue	0,0	0,1	0,1
Employee benefits expense	-101,0	-94,2	-392,2
Other operating expense	-108,2	-97,6	-434,4
Other operating expense - IFRS 16 effect	47,4	42,6	168,7
EBITDA	52,0	75,9	497,9
EBITDA margin (%)	13,5 %	20,7 %	25,1 %
No. of shopping days	77	76	308
No. of physical stores at period end	155	153	156



Segment: Hemtex

Hemtex

(Amounts in NOK millions)

	Q1 2023	Q1 2022	FY 2022
Revenue	219,5	237,8	1 194,4
Revenue growth ¹	-10,9%	4,8 %	3,2 %
LFL growth including online sales ¹	-6,5%	2,0 %	2,8 %
COGS	-94,0	-92,8	-503,6
Gross profit	125,5	145,1	690,8
Gross margin (%)	57,2 %	61,0 %	57,8 %
Other operating revenue	0,6	0,7	5,1
Employee benefits expense	-59,9	-59,0	-237,6
Other operating expense	-97,4	-83,6	-361,3
Other operating expense - IFRS 16 effect	35,8	31,3	122,6
EBITDA	4,6	34,5	219,7
EBITDA margin (%)	2,1 %	14,5 %	18,3 %
No. of shopping days	89	89	362
No. of physical stores at period end (excl. franchise)	118	119	119



Income statement

(Amounts in NOK thousand)	Q1 2023	Q1 2022	FY 2022
Revenue	605,4	604,6	3 178,0
COGS	-266,2	-234,5	-1 331,6
Gross profit	339,2	370,1	1 846,4
Gross margin (%)	56,0 %	61,2 %	58,1 %
Other operating revenue	0,6	0,7	5,2
OPEX	-283,2	-260,4	-1 134,1
EBITDA	56,6	110,4	717,5
EBITDA margin (%)	9,3 %	18,2 %	22,5 %
Depreciation and amortisation	-95,8	-86,7	-348,3
EBIT	-39,2	23,7	369,2
EBIT margin (%)	-6,5 %	3,9 %	11,6 %
Net finance	-17,9	-11,6	-47,5
Share of result from joint ventures	-0,4	-0,7	-2,8
Profit before tax	-57,4	12,2	318,9
Net profit	-46,6	8,7	249,2



Statement of financial position

(Amounts in NOK thousand)	Note	31.03.2023	31.03.2022	31.12.2022
Assets		Unaudited	Unaudited	Audited
Goodwill	9	69 957	65 070	65 479
Trademark	9	1 513 696	1 509 908	1 510 224
Other intangible assets	9	34 656	20 696	35 326
Deferred tax asset		17 450	9 650	1 859
Total intangible assets		1 635 759	1 605 324	1 612 888
Right of use asset	9	1 067 142	737 738	760 734
Fixtures and fittings, tools, office machinery and equipment	9	274 966	194 299	237 245
Total tangible assets		1 342 108	932 037	997 979
Investments in associated companies and joint ventures	10	0	0	0
Loans to associated companies and joint ventures	10	35 800	22 500	23 795
Total financial fixed assets		35 800	22 500	23 795
Total fixed assets		3 013 667	2 559 861	2 634 663
Inventories		672 806	722 188	668 753
Trade receivables		15 322	16 196	12 094
Other receivables		16 495	35 369	35 241
Derivatives		53 763	37 529	59 449
Total receivables		85 581	89 094	106 784
Cash and bank deposits		0	0	75 721
Total currents assets		758 386	811 282	851 259
Total assets		3 772 053	3 371 146	3 485 922

(Amounts in NOK thousand)	Note	31.03.2023	31.03.2022	31.12.2022
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		823 704	833 403	838 940
Total equity		1 258 144	1 267 843	1 273 380
Deferred tax		325 543	322 554	322 723
Total provisions		325 543	322 554	322 723
Lease liabilities		786 325	500 315	523 528
Liabilities to financial institutions	6	521 650	451 633	521 646
Total long-term liabilities		1 307 975	951 948	1 045 175
Lease liabilities		302 973	248 612	258 257
Liabilities to financial institutions	6	178 419	168 331	30 000
Trade payable		134 258	127 589	122 459
Tax payable		20 491	45 992	57 745
Public duties payable		90 105	96 383	167 139
Other short-term liabilities		192 554	131 874	201 815
Derivatives		2 574	10 019	7 229
Total short-term liabilities		880 393	828 801	844 644
Total liabilities		2 513 911	2 103 303	2 212 542
Total equity and liabilities		3 772 053	3 371 146	3 485 922

Allocated segment costs

(MNOK)	Q1 2023	Q1 2022	Q2 2023	Q2 2022	Q3 2023	Q3 2022	Q4 2023	Q4 2022	Total year 2023	Total year 2022
Kid ASA and Kid Interior										
Segment allocated employee benefits expense	4,2	3,3		4,0		4,0		3,9	4,2	15,2
Segment allocated other operating expense	0,5	0,6		0,6		0,5		0,5	0,5	2,1
Hemtex										
Segment allocated employee benefits expense	-4,2	-3,3		-4,0		-4,0		-3,9	-4,2	-15,2
Segment allocated other operating expense	-0,5	-0,6		-0,6		-0,5		-0,5	-0,5	-2,1

Quarterly revenue growth

Group				
Total growth				
Year	Q1	Q2	Q3	Q4
2021	10,4 %	3,9 %	3,6 %	2,5 %
2022	9,3 %	8,8 %	0,5 %	2,1 %
2023	-1,3 %			
Like-for-like growth				
Year	Q1	Q2	Q3	Q4
2021	9,3 %	2,9 %	0,1 %	0,2 %
2022	7,3 %	5,6 %	-0,4 %	1,8 %
2023	-0,3 %			

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 %
2023	5,2 %			
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 %
2023	3,5 %			

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 %
2023	-10,9 %			
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 %
2023	-6,5 %			

Sales days and stores

Kid Interior

Number of sales days

Year	Q1	Q2	Q3	Q4	Total
2022	76	72	79	81	308
2023	77				77

Number of store projects

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

2023	Q1	Q2	Q3	Q4	Total
New stores	0				0
Closed stores	1				1
Relocated stores	2				2
Refurbished stores	5				5

Total number of stores 155
Total number of LFL stores 152

Hemtex

Number of sales days

Year	Q1	Q2	Q3	Q4	Total
2022	89	90	92	91	362
2023	89				89

Number of store projects

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

2023	Q1	Q2	Q3	Q4	Total
New stores	1				1
Closed stores	2				2
Relocated stores	1				1
Refurbished stores	1				1

Total number of stores* 129
Total number of LFL stores* 122

*incl franchise stores