

Kid ASA

Interim report
Q2 2023



Quarter in brief

(Figures from corresponding period the previous year in parentheses)

GROUP REVENUE decreased by -0.8%.

GROSS MARGIN increased by 2.2 percentage points to 62.2% due to normalised freight rates and price adjustments fully effective.

OPEX increased mainly on the back of rental index adjustments, in addition to costs related to relocation of warehouse, increased HQ staff as well as general salary- and prices increases.

EBITDA decreased by MNOK 1.0 to MNOK 166.6 (MNOK 167.6).

Category development

“Atelier” was launched as a new collection in May. The collection is a collaboration with influencer Camilla Pihl and offers customers a limited and exclusive high-end assortment. The collection was well received by customers in Kid Interior with revenues of MNOK 3.5 in the quarter.

Extended

Extended was launched in Norway in Q4-22 and includes an extended assortment available online, in five pilot stores and in selected larger stores. One pilot store opened in Q4-22, two opened during Q1-23 and two opened during Q2-23.

Revenues from the Extended assortment was MNOK 10.8 in the quarter. We continue to see a gross margin for large furniture in line with expectations of 35-40% including last mile distribution.

The launch of the Extended concept is considered successful, both online and in physical stores. Based on this, we will launch the assortment online and in selected larger stores in Hemtex during H1-24.

Omnichannel

Made-to-measure sun screening enables Norwegian customers to order blinds, shutters and curtains tailored to specific measurements. During Q2 we launched a new online ordering module and changed our main supplier, which provides customers with a broader assortment, more attractive prices and a more seamless online customer experience. The module was also launched as an integrated service in our shop-in-shop module, enabling physical stores to sell these products. As a result, we experienced strong growth from the category during the quarter.

During the quarter, we implemented several improvements to our online platform, including a chatbot, to further strengthen the shopping experience.

Gross margin

Overseas freight peaked during 2022 and negatively impacted gross margin. Subsequently, freight rates have normalised to pre-Covid levels during 2023, and combined with price adjustments implemented during Q1 we now see a gross margin in line with historical levels. We reiterate our financial objectives with a normalised gross margin for the full year 2023.

Science-based targets approved

As one of the first retailers in the Nordics, the Science Based Target initiative (SBTi) has approved our net-zero science-based target during the quarter. This will be an important milestone for our climate emissions reduction plan. Further details are available in our Sustainability Report for 2022 and kid.no/baerekraft.

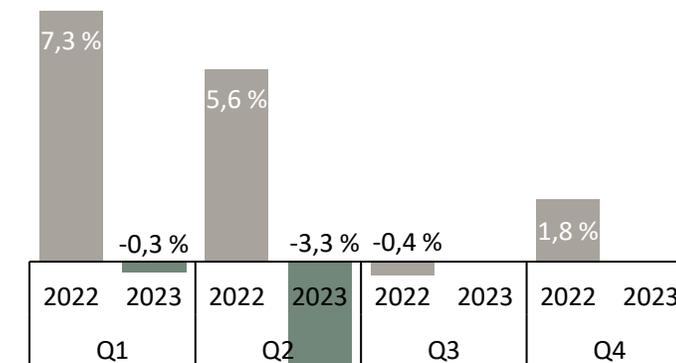
New warehouse opened in Sweden

During the second quarter, we finalised the relocation to our new warehouse in Borås (Sweden) according to plan. We see satisfactory progression in the warehouse efficiency and will continue to optimise operations. In Q2, MNOK 2.0 is booked as other OPEX related to the relocation.

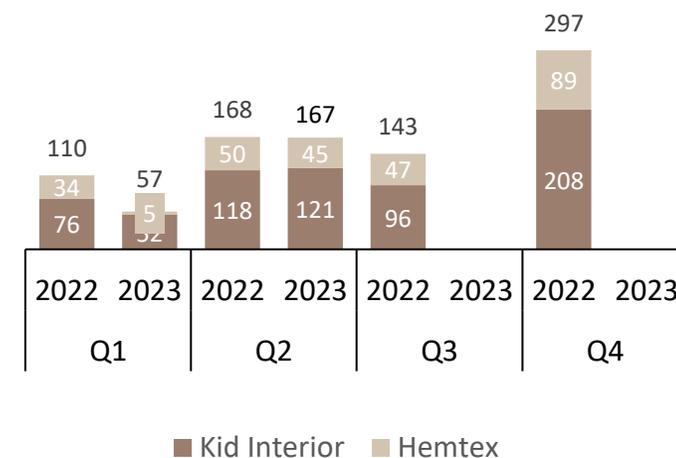
Integration

Our ongoing integration program for IT back-end systems in Hemtex and Kid progress according to plan. During the quarter we implemented a common point of sale (POS) in all stores, and we will continue to integrate our IT platform throughout the year. A common IT platform will enable us to work more efficient and reduce time-to-market.

LIKE-FOR-LIKE REVENUE GROWTH %

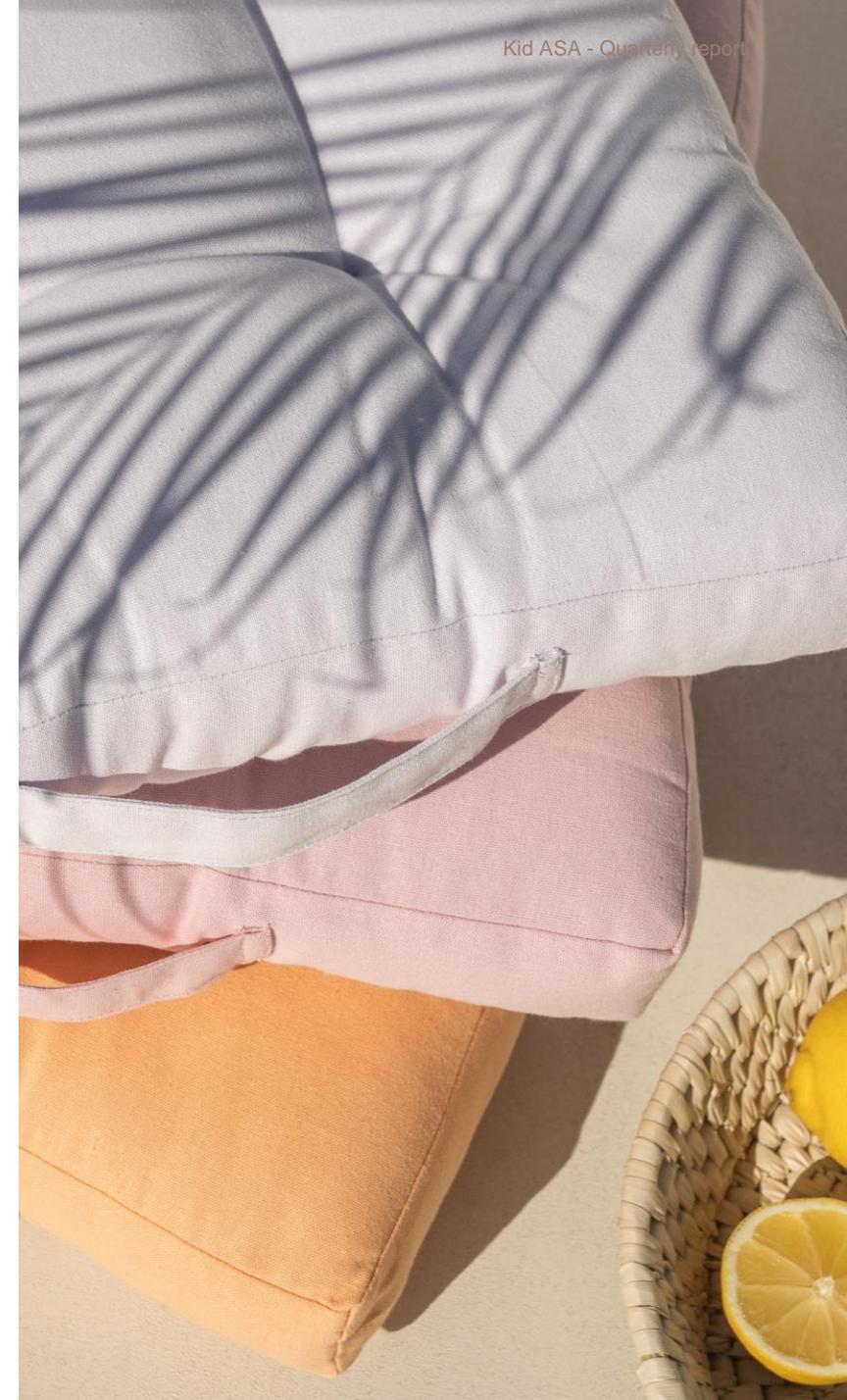


EBITDA MNOK



Alternative Performance Measures

(Amounts in NOK million)	Q2 2023	Q2 2022	H1 2023	H1 2022	FY 2022
Revenue	724,1	730,1	1 329,5	1 334,7	3 178,0
Like-for-like growth including online sales ¹	-3,3 %	5,6 %	0,5 %	7,9 %	3,2 %
COGS	-273,8	-292,1	-540,0	-526,6	-1 331,6
Gross profit	450,3	438,0	789,5	808,1	1 846,4
Gross margin (%)	62,2%	60,0%	59,4%	60,5%	58,1%
Other operating income	1,0	1,8	1,6	2,5	5,2
Employee benefits expense	-162,3	-155,9	-323,2	-309,0	-629,9
Other operating expense	-207,4	-189,7	-413,0	-370,9	-795,5
Other operating expense - IFRS 16 effect	85,1	73,4	168,3	147,3	291,3
OPEX	-284,6	-272,2	-567,8	-532,6	-1 134,1
EBITDA	166,6	167,6	223,2	278,1	717,5
EBITDA margin (%)	23,0%	22,9%	16,8%	20,8%	22,5%
Depreciation	-21,8	-18,6	-42,1	-37,3	-74,8
Depreciation - IFRS 16 effect	-79,1	-69,2	-154,5	-137,1	-273,5
EBIT	65,8	79,8	26,6	103,6	369,2
EBIT margin (%)	9,1%	10,9%	2,0%	7,7%	11,6%
Net financial income (expense)	-9,3	-3,7	-18,0	-8,5	-19,0
Net financial expense - IFRS 16 effect	-11,2	-7,1	-20,4	-13,8	-28,5
Share of result from joint ventures	0,1	-1,2	-0,3	-1,9	-2,8
Profit before tax	45,3	67,9	-14,0	79,4	318,9
Net income	36,4	52,0	-10,2	60,7	249,2
Earnings per share	0,90	1,28	-0,25	1,49	6,13
Liabilities to financial institutions	-842,7	-788,8	-842,7	-788,8	-551,6
Lease liabilities - IFRS 16 effect	-1 069,8	-790,5	-1 069,8	-790,5	-781,8
Cash	0,0	4,0	0,0	4,0	75,7
Net interest bearing debt	-1 912,5	-1 575,2	-1 912,5	-1 575,2	-1 257,7



Financial Review for the Kid Group

A challenging start of the quarter and reduced footfall in the stores resulted in somewhat lower revenues compared to last year. Improvement in gross margin following normalised freight rate levels in addition to positive price effect. The reduction in reported EBITDA was primarily due to higher rental costs, in addition to relocation costs to the new central warehouse in Sweden and general salary and price increases.

Group revenue

Total revenue decreased by -0.8% (+8.8%). The development was positive throughout the quarter with positive growth in June. In constant currency, Group revenue decreased by -2.5% (+8.0%). Net new stores contributed positively.

The like-for-like decline was -3.3% (+5.6%) in the quarter. Both Kid Interior and Hemtex experienced a negative revenue development in physical stores and positive growth online.

Online revenues increased by 9.3% during the quarter and represented 12.1% (10.8%) of total revenues.

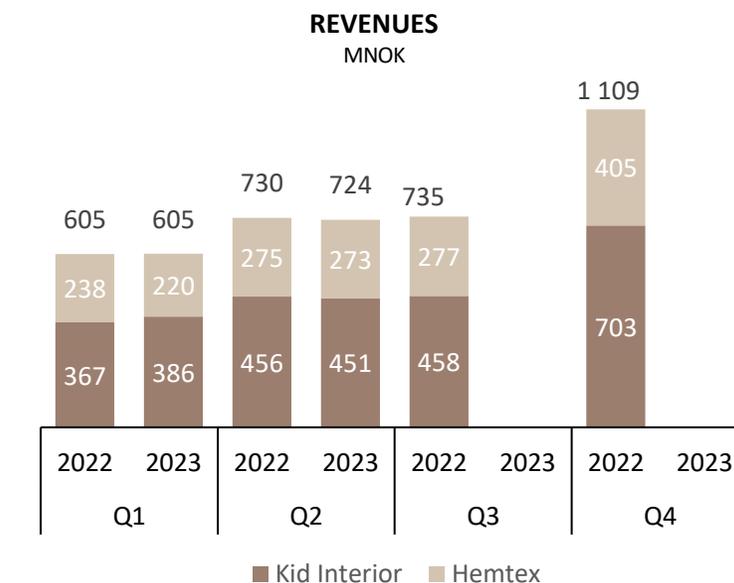
Categories launched since 2017 accounted for MNOK 107.0 (MNOK 94.0) in revenues, of which Extended accounted for MNOK 10.8 (MNOK 0).

Gross margin

Both segments experienced increased gross margins compared to Q2-22.

The increase is mainly caused by normalised freight costs and price adjustments fully effective in the quarter.

We reiterate our financial objectives with a full-year gross margin for 2023 in line with the historical levels over the last 10 years.



Financial Review for the Kid Group

Employee expenses increased by MNOK 6.4 to MNOK 162.3:

- MNOK -1.7 in LFL stores mainly due to a reduction in working hours following tight cost control, partly offset by general salary increases
- MNOK 0.4 in net new stores
- MNOK 2.6 in HQ costs due to general salary increase and increased number of employees
- MNOK 1.4 in Logistics due to the new central warehouse in Sweden, of which MNOK 0.6 was related to the relocation, offset by reduced working hours in Norway
- MNOK 0.8 due to higher bonus provisions than last year
- MNOK 2.9 due to changes in SEK/NOK exchange rate

Other operating expenses increased by MNOK 6.0 to MNOK 122.3:

- MNOK 2.0 in net new stores
- MNOK 9.8 in LFL stores mainly related to index adjustment of rental costs and increased shared operating costs
- MNOK 1.3 from increased marketing costs according to plan
- MNOK 1.6 in HQ costs mainly due last mile distribution of large furniture and IT costs

- MNOK -1.0 in Logistics operating costs mainly due to personnel costs in Sweden now presented as employee expenses, partly offset by relocation of warehouse
- MNOK -10.3 related to change in IFRS 16 effects, mainly due to index adjustments of rental agreements
- MNOK 2.6 due to changes in SEK/NOK exchange rate

EBITDA was slightly lower compared to Q2 last year due to increased operating expenses, partly offset by increased gross margin.

Net financial expenses of MNOK 20.5 (MNOK 10.7) relates to net interest expenses of MNOK 7.0 (MNOK 4.0), net other financial expenses of MNOK 1.0 (MNOK 1.1), net FX expenses of MNOK 1.3 (MNOK 1.5) and IFRS 16 interest expenses of MNOK 11.2 (MNOK 7.1).

Liquidity and borrowings

During Q2, Kid ASA paid MNOK 121.9 (MNOK 162.6) in dividend. Furthermore, the revolving credit facility of MNOK 130 (MNOK 130) was fully utilized at the end of the quarter, as well as MNOK 30 (MNOK 0) of the short-term credit facility.

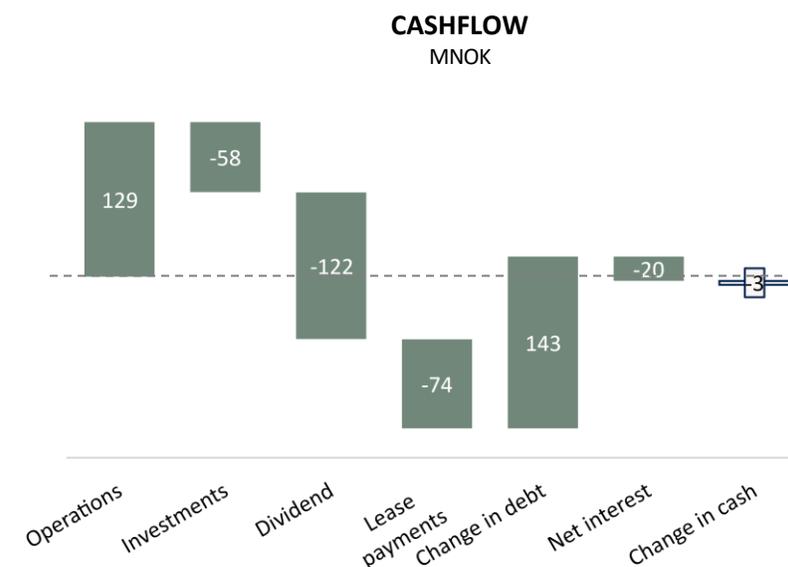
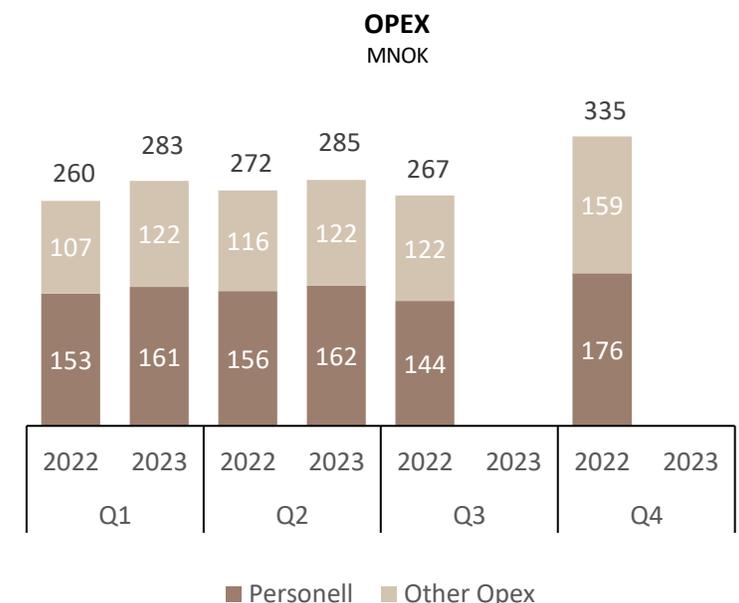
Excluding IFRS 16 effects, net interest-bearing debt was MNOK 842.7 (MNOK 784.7) at the end of the quarter, corresponding to 2.40x (1.35x) of the LTM EBITDA excluding IFRS 16. The Group had cash and available credit facilities of MNOK 175.9 (MNOK 159.5) as of 30 June 2023. The Group has a satisfactorily liquidity situation.

Capital expenditures (CAPEX)

amounted to MNOK 55.9 (MNOK 22.7) during Q2 of which investment in the new warehouse in Sweden accounted for MNOK 23.6 (MNOK 0.0) and the remaining MNOK 32.3 (MNOK 22.7) mainly reflects store openings and refurbishments.

Outlook

Gross margin is expected to continue to normalise during the year due to a combination of price adjustments and normalised freight rates. We reiterate our financial objectives with a normalised gross margin for the full year 2023.



Segment: Key figures

KID Interior

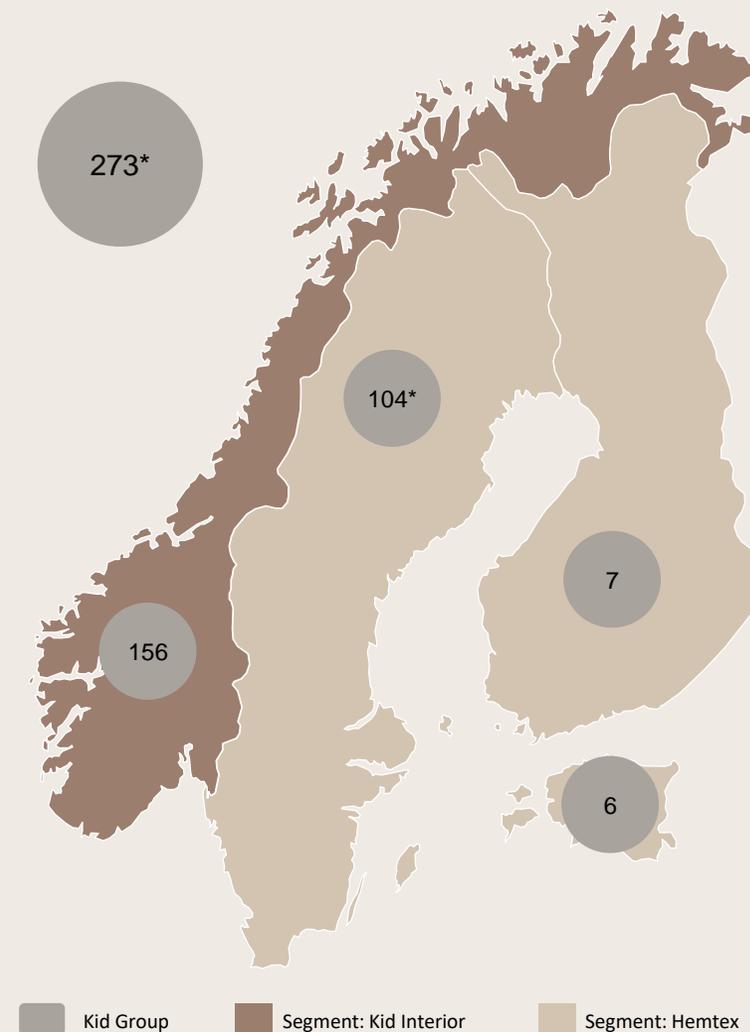
(Amounts in NOK millions)	Q2 2023	Q2 2022	H1 2023	H1 2022	FY 2022
Revenue	450,7	455,5	836,6	822,3	1 983,6
Revenue growth	-1,8%	8,9 %	1,7 %	10,5 %	5,3 %
LFL growth including online sales	-2,0%	5,8 %	0,5 %	7,9 %	3,2 %
COGS	-166,4	-182,2	-338,6	-323,9	-828,0
Gross profit	284,3	273,3	498,0	498,4	1 155,6
Gross margin (%)	63,1 %	60,0 %	59,5 %	60,6 %	58,3 %
Other operating revenue	0,1	0,0	0,1	0,1	0,1
Employee benefits expense	-96,6	-94,1	-197,6	-188,3	-392,2
Other operating expense	-112,4	-103,0	-220,6	-200,6	-434,4
Other operating expense - IFRS 16 effect	45,9	41,8	93,3	84,4	168,7
EBITDA	121,2	118,1	173,2	194,0	497,9
EBITDA margin (%)	26,9 %	25,9 %	20,7 %	23,6 %	25,1 %
No. of shopping days	71	72	148	148	308
No. of physical stores at period end	156	155	156	155	156

Hemtex

(Amounts in NOK millions)	Q2 2023	Q2 2022	H1 2023	H1 2022	FY 2022
Revenue	273,4	274,6	492,9	512,4	1 194,4
Revenue growth ¹	-4,8%	8,8 %	-7,7%	6,9 %	3,2 %
LFL growth including online sales ¹	-5,4%	5,2 %	-5,9%	3,7 %	2,8 %
COGS	-107,4	-109,9	-201,5	-202,7	-503,6
Gross profit	166,0	164,7	291,5	309,8	690,8
Gross margin (%)	60,7 %	60,0 %	59,1 %	60,5 %	57,8 %
Other operating revenue	0,9	1,8	1,5	2,4	5,1
Employee benefits expense	-65,7	-61,8	-125,6	-120,8	-237,6
Other operating expense	-95,0	-86,7	-192,4	-170,3	-361,3
Other operating expense - IFRS 16 effect	39,3	31,6	75,1	62,9	122,6
EBITDA	45,4	49,6	50,0	84,0	219,7
EBITDA margin (%)	16,6 %	17,9 %	10,1 %	16,3 %	18,3 %
No. of shopping days	90	90	179	179	362
No. of physical stores at period end (excl. franchise)	117	118	117	118	119

¹Calculated in local currency

NUMBER OF STORES PER QUARTER END



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

Segment: Kid Interior

Revenues decreased compared to last year mainly due to a reduction in footfall to physical stores, partly offset by an increase in average revenue per customer. The number of shopping days was 71 (70) days in Q2-23.

Online revenues increased by +15.6% (+8.4%) to MNOK 48.0 (MNOK 41.5).

The Extended Assortment accounted for MNOK 10.8 in revenue.

Gross margin increased by 3.1 percentage points on the back of normalised freight cost levels and price adjustments fully effective in the quarter.

Employee expenses increased by MNOK 2.5:

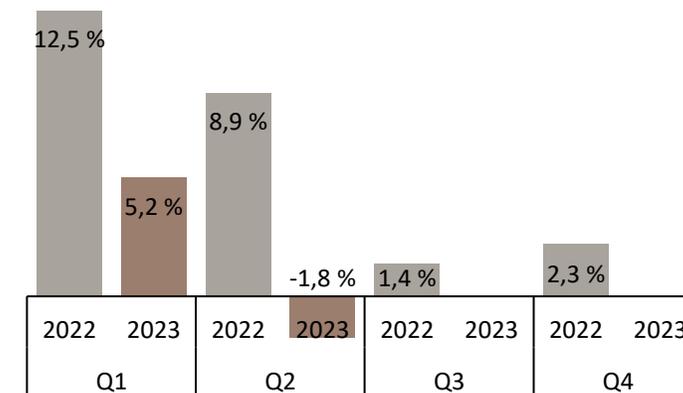
- MNOK 0.7 due to net new stores
- MNOK -0.4 in LFL stores mainly due to strong cost control and reduction in working hours, partly offset by general salary increase
- MNOK 0.7 due to higher bonus provisions
- MNOK 2.2 in headquarter costs mainly due to increase in HQ staff as well as general salary increases

- MNOK -0.7 in Logistics due to a reduction in working hours and reduced overtime
- Year to date bonus provision amounted to MNOK 0.9 (MNOK 0.5).

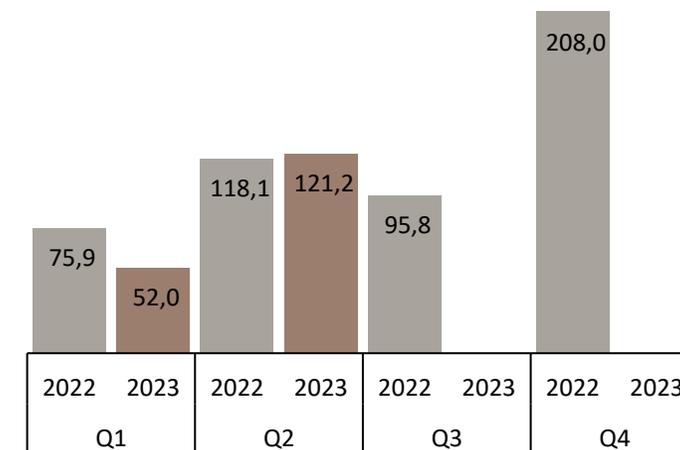
Other operating expenses increased by MNOK 5.4:

- MNOK 1.6 in net new stores
- MNOK 4.2 in LFL stores mainly related to index adjustment of rental costs as well as increased shared operating costs
- MNOK 2.7 in increased marketing according to plan
- MNOK 0.7 in HQ mainly related to last mile distribution of large furniture
- MNOK 0.2 in Logistics due to rental cost
- MNOK -4.0 related to change in IFRS 16 effects

**LIKE-FOR-LIKE
REVENUE GROWTH**
%



EBITDA
MNOK



Segment: Hemtex

Revenues decreased, mainly due to a reduction in footfall to physical stores, partly offset by increased average revenue per customer. Unchanged number of shopping days in the quarter.

Online revenues increased by +2.5% (+3.6%) to MNOK 39.9 (MNOK 38.9) based on a constant currency calculation.

Hemtex 24H revenue was stable compared to Q2-22. Reference is made to the Q1-23 report related to the termination of the agreement with ICA Gruppen, which will impact revenues for the upcoming quarters.

Gross margin increased by 0.7 percentage points on the back of normalised freight costs and price adjustments fully effective in the quarter.

Employee expenses increased by MNOK 3.9:

- MNOK -0.3 due to net new stores
- MNOK -1.3 in LFL stores due to reduction in hours, partly offset by general salary increase
- MNOK 0.4 in headquarter costs due to services provided by HQ in Norway

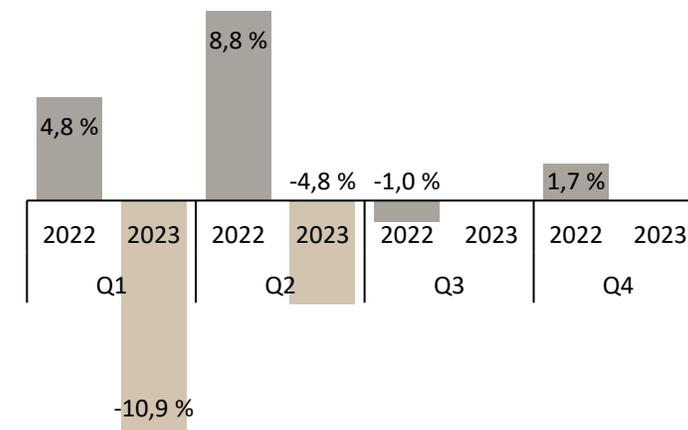
as well as general salary increases

- MNOK 2.2 in Logistics due to new employees at the warehouse in Sweden, of which MNOK 0.6 was related to the relocation.
- MNOK 2.9 due to changes in SEK/NOK exchange rate

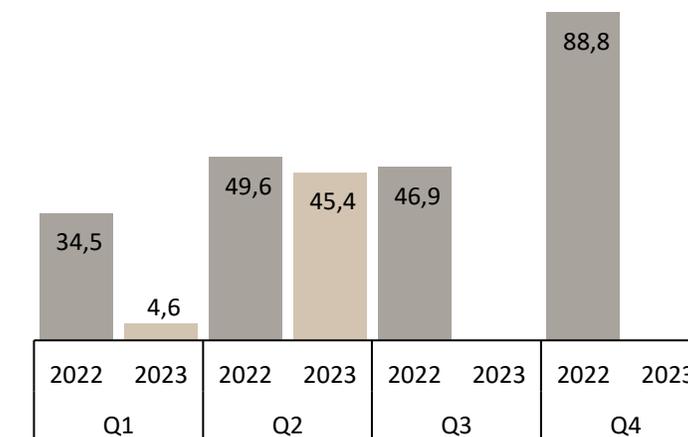
Other operating expenses increased by MNOK 0.7:

- MNOK 0.5 in net new stores
- MNOK 5.6 in LFL stores mainly related to index adjustment of rental costs
- MNOK -1.4 from decreased marketing costs according to plan
- MNOK -1.2 in Logistics operating costs due to personnel costs now presented as employee expenses
- MNOK 0.8 in HQ mainly due to higher IT costs and use of consultants
- MNOK -6.2 related to change in IFRS 16 effects
- MNOK 2.6 due to changes in SEK/NOK exchange rate

LIKE-FOR-LIKE REVENUE GROWTH %



EBITDA MNOK



Events after the end of reporting period

Kid ASA has decided to initiate an expansion of the warehouse facilities in Borås (Sweden) for the purpose of establishing one central warehouse for all markets with capacity for further growth. The expansion is dependent on approval from the municipality council of Borås Kommune and Trafikverket.

The decision is based on assessment of the most efficient logistics solution for the Group. Currently the Norwegian warehouse has a high degree of filling which entails limited flexibility and increased cost. As a result of this, the warehouse operations in Norway are expected to be discontinued during 2025.

Kid's investment in the Joint Venture and fixtures and fittings in the warehouse expansion is estimated to be approx. SEK 120-150 million and is expected to be mainly financed with a new separate bank facility. The project is not expected to impact the dividend policy for Kid.

Further details are provided in the stock exchange announcement from 23 August 2023.

*Lier, 23 August 2023
The Board of Kid ASA*



INTERIM CONSOLIDATED STATEMENT OF PROFIT AND LOSS

(Amounts in NOK thousand)	Note	Q2 2023	Q2 2022	H1 2023	H1 2022	FY 2022
		Unaudited	Unaudited	Unaudited	Unaudited	Audited
Revenue		724 111	730 129	1 329 513	1 334 718	3 177 991
Other operating revenue		952	1 766	1 572	2 476	5 236
Total revenue		725 062	731 895	1 331 085	1 337 194	3 183 227
Cost of goods sold		-273 828	-292 082	-540 026	-526 583	-1 331 613
Employee benefits expense		-162 331	-155 888	-323 187	-309 022	-629 892
Depreciation and amortisation expenses	9	-100 833	-87 798	-196 651	-174 466	-348 296
Other operating expenses		-122 311	-116 281	-244 640	-223 537	-504 198
Total operating expenses		-659 303	-652 050	-1 304 503	-1 233 607	-2 813 999
Operating profit		65 759	79 846	26 582	103 587	369 228
Financial income		724	841	3 410	953	4 948
Financial expense		-21 266	-11 575	-41 855	-23 257	-52 476
Net financial income (+) / expense (-)		-20 542	-10 733	-38 444	-22 304	-47 528
Share of result from joint ventures	10	102	-1 186	-256	-1 874	-2 787
Profit before tax		45 320	67 927	-12 119	79 408	318 913
Income tax expense		-8 874	-15 909	1 921	-18 710	-69 668
Net profit (loss) for the period		36 446	52 018	-10 198	60 698	249 245
Interim condensed consolidated statement of comprehensive income						
Profit for the period		36 446	52 018	-10 198	60 698	249 245
Other comprehensive income		40 195	121 481	113 120	132 320	154 146
Tax on comprehensive income		-10 952	-24 546	-21 453	-29 824	-35 877
Total comprehensive income for the period		65 689	148 952	81 468	163 194	367 513
Attributable to equity holders of the parent		65 689	148 952	81 468	163 194	367 513
Basic and diluted Earnings per share (EPS):		0,90	1,28	-0,25	1,49	6,13

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

Group Figures Q2 2023

Financial Statements

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Amounts in NOK thousand)	Note	30.06.2023	30.06.2022	31.12.2022
		Unaudited	Unaudited	Audited
Assets				
Goodwill	9	68 662	66 801	65 479
Trademark	9	1 512 694	1 511 247	1 510 224
Other intangible assets	9	34 504	22 147	35 326
Deferred tax asset		0	6 483	1 859
Total intangible assets		1 615 859	1 606 679	1 612 888
Right of use asset	9	1 042 467	777 151	760 734
Fixtures and fittings, tools, office machinery and equipment	9	308 316	200 350	237 245
Total tangible assets		1 350 783	977 501	997 979
Investments in associated companies and joint ventures	10	0	0	0
Loans to associated companies and joint ventures	10	37 024	31 203	23 795
Total financial fixed assets		37 024	31 203	23 795
Total fixed assets		3 003 666	2 615 383	2 634 663
Inventories		666 049	779 625	668 753
Trade receivables		32 841	20 998	12 094
Other receivables		50 141	31 112	35 241
Derivatives		79 614	120 414	59 449
Total receivables		162 597	172 525	106 784
Cash and bank deposits		0	4 039	75 721
Total currents assets		828 646	956 188	851 259
Total assets		3 832 315	3 571 574	3 485 922

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Amounts in NOK thousand)	Note	30.06.2023	30.06.2022	31.12.2022
		Unaudited	Unaudited	Audited
Equity and liabilities				
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		747 136	808 350	838 940
Total equity		1 181 576	1 242 790	1 273 380
Deferred tax		316 306	345 123	322 723
Total provisions		316 306	345 123	322 723
Lease liabilities		768 113	539 055	523 528
Liabilities to financial institutions	6	511 654	621 638	521 646
Total long-term liabilities		1 279 768	1 160 693	1 045 175
Lease liabilities		301 678	251 413	258 257
Liabilities to financial institutions	6	331 061	167 120	30 000
Trade payable		110 930	101 470	122 459
Tax payable		0	12 084	57 745
Public duties payable		100 844	100 640	167 139
Other short-term liabilities		208 745	189 230	201 815
Derivatives		1 408	1 012	7 229
Total short-term liabilities		1 054 666	822 969	844 644
Total liabilities		2 650 740	2 328 785	2 212 542
Total equity and liabilities		3 832 315	3 571 573	3 485 923

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Amounts in NOK thousand)	Total paid-in equity	Other equity	Total equity
Balance at 1 Jan 2022	434 440	828 209	1 262 660
Profit for the period YTD 2022	0	60 699	60 699
Other comprehensive income	0	102 639	102 639
Realized cash flow hedges	0	-20 644	-20 644
Dividend	0	-162 581	-162 581
Balance at 30 Jun 2022	434 440	808 350	1 242 790
Balance at 1 Jan 2023	434 440	838 940	1 273 380
Profit for the period YTD 2023	0	-10 198	-10 198
Other comprehensive income	0	91 667	91 667
Realized cash flow hedges	0	-51 338	-51 338
Balance at 30 Jun 2023	434 440	747 136	1 181 576

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

(Amounts in NOK thousand)	Note	Q2 2023 Unaudited	Q2 2022 Unaudited	H1 2023 Unaudited	H1 2022 Unaudited	FY 2022 Audited
Cash Flow from operation						
Profit before income taxes		45,320	67,927	-12,119	79,409	318,914
Taxes paid in the period		-8,929	-45,013	-57,327	-91,621	-105,571
Depreciation & Impairment	9	100,833	87,798	196,651	174,466	348,296
Effect of exchange fluctuations		-6,513	-1,570	5,265	-1,700	1,341
Change in net working capital						
Change in inventory		2,228	-50,433	15,286	-134,625	-29,170
Change in trade debtors		-17,651	-4,508	-20,295	788	9,135
Change in trade creditors		-22,476	-27,520	-13,960	-56,281	-34,347
Change in other provisions ¹		35,882	72,638	-54,147	-62,735	39,259
Net cash flow from operations		128,692	99,319	59,354	-92,299	547,857
Cash flow from investment						
Purchase of fixed assets	9	-58,481	-22,498	-115,650	-38,112	-119,264
Loans to associated companies and joint ventures	8, 10	0	-8,700	-12,785	-31,200	-23,795
Net Cash flow from investments		-58,481	-31,198	-128,435	-69,312	-143,059
Cash flow from financing						
Proceeds from long term loans		0	180,000	130,000	180,000	230,000
Proceeds from short term loans		160,000	0	30,000	0	0
Repayment of revolving credit facility		0	0	0	-65,118	-195,118
Repayment of Term Loans		-10,000	-10,000	-10,000	-10,000	-30,000
Overdraft facility		-7,358	3,170	141,061	141,499	0
Lease payments for principal portion of lease liability		-73,891	-68,135	-147,890	-136,515	-263,350
Dividend payment		-121,935	-162,581	-121,935	-162,581	-264,194
Net interest		-20,247	-9,970	-41,041	-20,348	-46,436
Net cash flow from financing		-73,431	-67,515	-19,806	-73,063	-569,098
Cash and cash equivalents at the beginning of the period		0	0	75,721	239,331	239,331
Net change in cash and cash equivalents		-3,220	607	-88,886	-234,671	-164,299
Exchange gains / (losses) on cash and cash equivalents		3,221	3,431	13,164	-621	690
Cash and cash equivalents at the end of the period		0	4,039	0	4,039	75,722

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

¹ 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, 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 second quarter of 2023 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 2022, 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 2022. Amendments to IFRSs effective for the financial year ending 31 December 2023 are not expected to have a material impact on the group.

NOTE 4 ESTIMATES, JUDGEMENTS 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 2022.

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.

Q2 2023

(Amounts in NOK thousand)	KID Interior	Hemtex	Total
Revenue	450 691	273 419	724 111
COGS	-166 395	-107 433	-273 828
Gross profit	284 296	165 986	450 282
Other operating revenue	53	899	952
Operating expense (OPEX)	-163 190	-121 452	-284 642
EBITDA	121 159	45 434	166 592
Operating profit	65 823	-64	65 759
Gross margin (%)	63,1 %	60,7 %	62,2 %
OPEX to sales margin (%)	36,2 %	44,4 %	39,3 %
EBITDA margin (%)	26,9 %	16,6 %	23,0 %
Inventory	419 281	246 768	666 049
Total assets	2 715 853	1 116 428	3 832 281

NOTE 6 LOANS AND BORROWINGS

Financing agreements

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

(Amounts in NOK thousand)	Utilised 30.06.2023	Facility	Interest	Maturity	Repayment
Total term loan	541 700	541 700		15.05.2026	Instalments ¹
<i>Of which secured with fixed interest rate:</i>					
<i>Denominated in NOK</i>	395 000	395 000	Fixed rate at 1,876% + 1.25% ²		
<i>Denominated in SEK</i>	45 000	45 000	Fixed rate at 1,460% + 1.25% ³		
Revolving credit facility	130 000	130 000	3 months NIBOR + 1.10%	29.04.2024 ⁴	At maturity
Short term credit facility	30 000	100 000	3 months NIBOR + 1.35%	31.12.2023	At maturity
Overdraft	141 061	247 000	1 week IBOR + 1.10%	12 months	At maturity
	842 761	1 018 700			

¹ NOK 30M in annual instalments with bi-annual payments.

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

³Fixed interest rate and denomination in SEK is hedged through a cross currency interest swap of MNOK 115 maturing November 2024

⁴The revolving credit facility has been reclassified to short term due to maturity date. Management is in process of refinancing the revolving credit facility

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

	Q2 2023	Q2 2022	H1 2023	H1 2022	FY 2022
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	36 446	52 018	-10 198	60 698	249 245
Earnings per share (basic and diluted) (Expressed in NOK per share)	0,90	1,28	-0,25	1,49	6,13

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 second quarter of 2023 and 2022:

Related Party	H1 2023	H1 2022
Prognosgatan Holding AS (Loan)	37 024	31 203
Total	37 024	31 203

NOTE 9 FIXED ASSETS AND INTANGIBLE ASSETS

Additions on Right of use Assets during the quarter relates to new and renegotiated rental agreements for stores. Additions on PPE related to investments in the new warehouse in Sweden as well as store openings and refurbishments.

(amounts in NOK thousand)	Right of use Asset	PPE	Trademark	Other Intangibles	Goodwill
Balance 01.01.2023	760 734	237 245	1 510 224	35 327	65 479
<i>Exchange differences</i>	20 912	7 441	2 470	-438	3 183
Additions, disposals and adjustments	415 370	102 364		2 983	
Depreciation and amortisation	-154 550	-38 734		-3 368	
Balance 30.06.23	1 042 467	308 315	1 512 694	34 504	68 662

(amounts in NOK thousand)	Right of use Asset	PPE	Trademark	Other Intangibles	Goodwill
Balance 01.01.2022	756 941	203 158	1 511 788	19 096	70 286
<i>Exchange differences</i>	-1 861	-387	-541	-194	-3 485
Additions, disposals and adjustments	159 214	33 389	-	4 758	-
Depreciation and amortisation	-137 142	-35 810	-	-1 513	-
Balance 30.06.22	777 151	200 350	1 511 247	22 147	66 801

NOTE 10 INVESTMENTS IN SUBSIDIARIES AND JOINT VENTURES

The group had the following subsidiaries as of 30 June 2023:

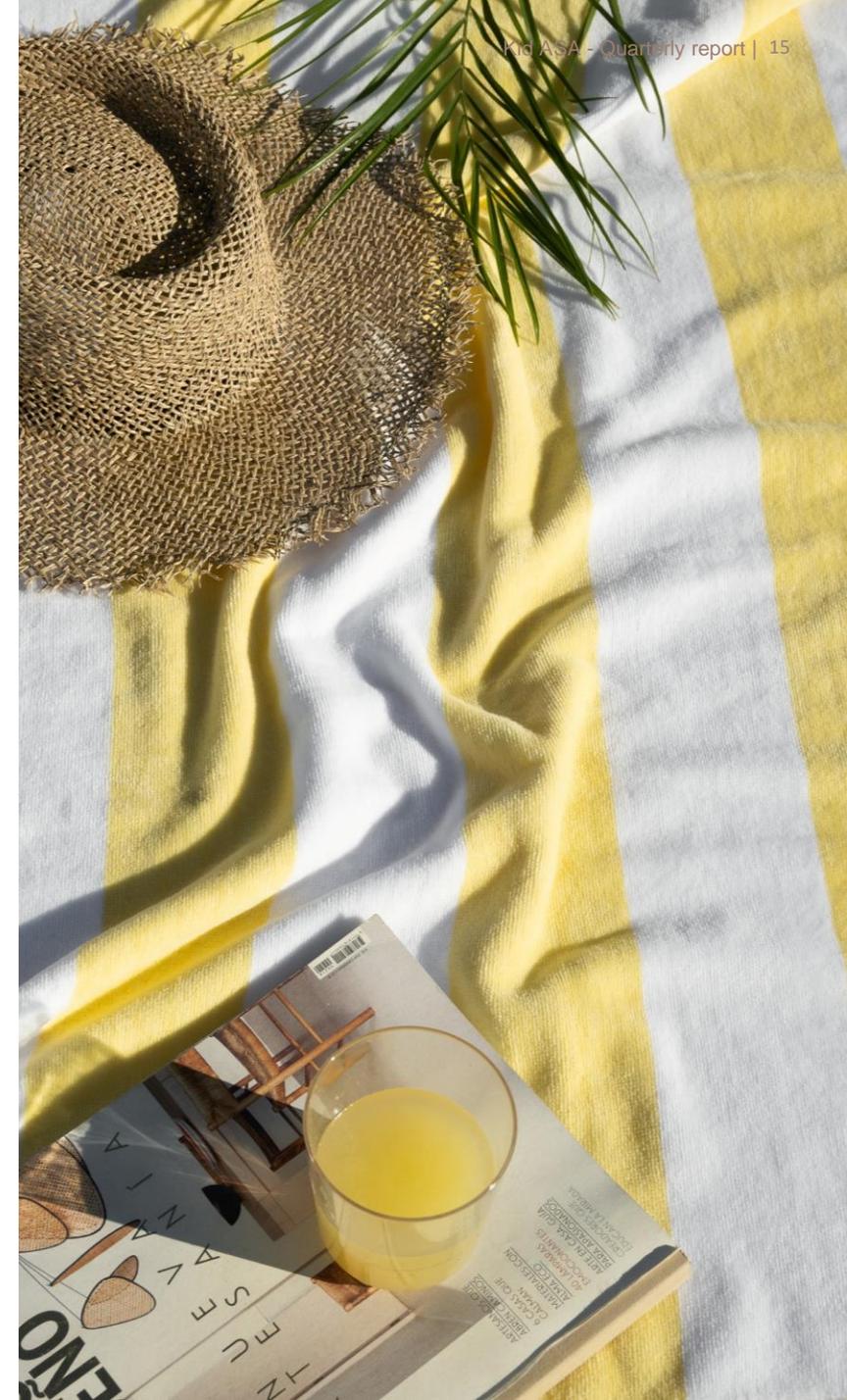
Name	Place of business	Nature of business	Proportion of shares directly held by parent (%)
Kid Interiør AS	Norway	Interior goods retailer	100
Kid Logistikk AS	Norway	Logistics	100
Kid Eiendom AS	Norway	Logistics	100
Hemtex AB	Sweden	Interior goods retailer	100
Hemtex OY	Finland	Interior goods retailer	100
Kid International Logistic AB	Sweden	Logistics	100

All subsidiary undertakings are included in the consolidation.

The group had the following joint ventures on 30 June 2023:

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 Q2-23 was MNOK 0.1 (MNOK -1.2). Per the reporting date, the carrying amount is MNOK 0 and MNOK -3.0 (MNOK -1.9) has been classified as other short-term liabilities related to the investment.



Responsibility Statement Kid ASA

We confirm, to the best of our knowledge, that the financial statements for the period 1 January to 30 June 2023 have been prepared in accordance with current applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and profit or loss of the entity and the group taken as a whole. We also confirm, to the best of our knowledge, that the Board of Directors' Report includes a true and fair review of the development and performance of the business and the position of the entity and the group, together with a description of the principal risks and uncertainties facing the entity and the group

Lier, 23 August 2023
The Board of Kid ASA



Definitions

Constant currency is exchange rates that the Group uses to eliminate the effect of exchange rates fluctuations when calculating financial performance numbers.

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.

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 amortization and depreciation expenses.

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.

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.

Like-for-like revenue are revenue from physical stores and online stores that were in operation from the start of last fiscal year all through the end of the current reporting period. Like-for-like is calculated in constant currency

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.

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.

Revenue growth represents the growth in revenue for the current reporting period compared to the same period the previous year. Revenue growth for Hemtex is calculated in constant currency. Revenue growth is an important key figure for the Group and users of financial statements as it illustrates the underlying organic revenue growth.



Alternative Performance Measures

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.

EBITDA is earnings before tax, interests, amortization 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.

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.



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.

