

## **Kid ASA plan to establish a central warehouse for all markets**

**Lier, 23 August 2023:** Kid ASA ("Kid") has decided to initiate an expansion of its warehouse facilities in Borås (Sweden) for the purpose of establishing one central warehouse for all markets with capacity for further growth. The expansion is subject to entry into a land purchase agreement and approval from the municipality council of Borås Kommune and Trafikverket.

Kid announced on 3 November 2021 that the company had established a joint venture (Prognosgatan Holding AS, "Joint Venture") with Fabritius Gruppen AS ("Fabritius") to build a new warehouse facility in Sweden. The Joint Venture is controlled by Kid (through Kid Eiendom AS) and Fabritius on a 50/50 basis. Fabritius is a wholly owned subsidiary of Gjelsten Holding AS, which currently holds 10.24% of the shares in Kid.

The new warehouse in Sweden has been in full operation as the central logistics function for Hemtex since Q2-23 and is operated by Kid's wholly owned subsidiary Kid International Logistic AB ("KIL").

Subject to completion of a land Purchase Agreement (the "Purchase Agreement") and exercise of an existing option to purchase additional land, the construction of additional warehouse facilities of approx. 27,000 square meters is currently expected to commence during the first half of 2024. The total footprint of the warehouse is expected to be 48,600 square meters including the current warehouse.

The purpose of the expansion is to establish one central warehouse for all Kid and Hemtex markets in Borås (Sweden) with capacity for further growth and expansion. 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.

The location of the headquarter in Norway will remain unchanged, and Kid plan to sublease the Norwegian warehouse facilities to an external party for the remainder of the lease period until May 2030.

The Purchase Agreement is based on an option in the agreement from 2021 and will be exercised by the Joint Venture. The Purchase Agreement is expected to be entered into in Q4-23 with Borås Kommune (Borås municipality) as seller and a Swedish subsidiary of the Joint Venture as buyer, and values the 45,000 square meter plot at approx. SEK 40 million. The Purchase Agreement will include an option to purchase one additional and adjacent plot area within Q4-26 which enables an additional future expansion.

The main terms and conditions of the Purchase Agreement have been agreed with the administration of Borås Kommune and will be submitted to the municipality council of Borås Kommune for formal approval. The Purchase Agreement is also dependent on an approval from Trafikverket, The Swedish Transport Administration.

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 construction project will be financed by the Joint Venture on a stand-alone basis through bank borrowings with an estimated gearing ratio of 70%.

The project is not expected to impact the dividend policy for Kid.

An addendum to the current lease agreement will be entered into on market terms for a long-term lease of the expanded warehouse between the Swedish subsidiary of the Joint Venture (as lessor) and KIL (as lessee).

Similar to the first construction phase, the Joint Venture will have a project management agreement with Fabritius on similar terms, where Fabritius will be responsible for the overall project management of the expansion.

All new agreements are based on the agreements from 2021 and on market terms and have been reviewed by an external law firm.

Petter Schouw-Hansen, Chairperson of the board of directors in Kid and Director with Gjelsten Holding AS, and Rune Marsdal, Member of the board of directors in Kid and CFO and Member of the board of directors of Gjelsten Holding AS, have not been involved in the board work and decision-making process related to any agreement between Kid and Fabritius.

#### **DISCLOSURE REGULATION**

This information is subject to the disclosure requirements pursuant to Section 5-12 of the Norwegian Securities Trading Act.

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