# 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 Scienced 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.

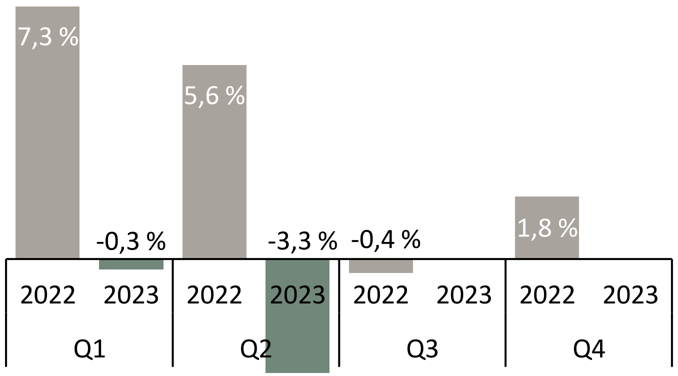
### New warehouse opened in Sweden

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.

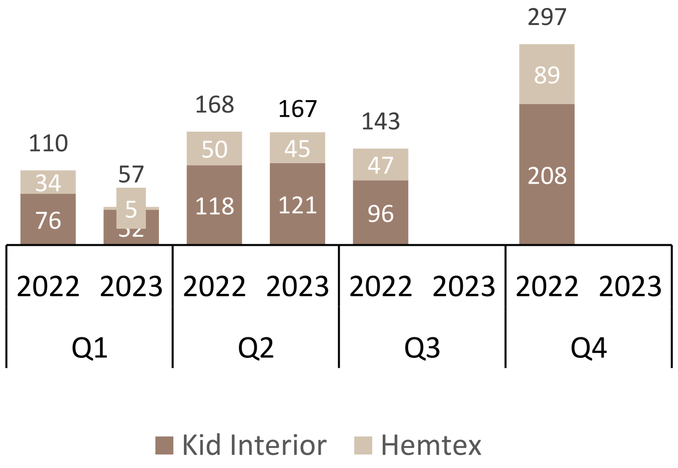
### Integration

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** |

[1]*Calculated in constant currency*

# 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.

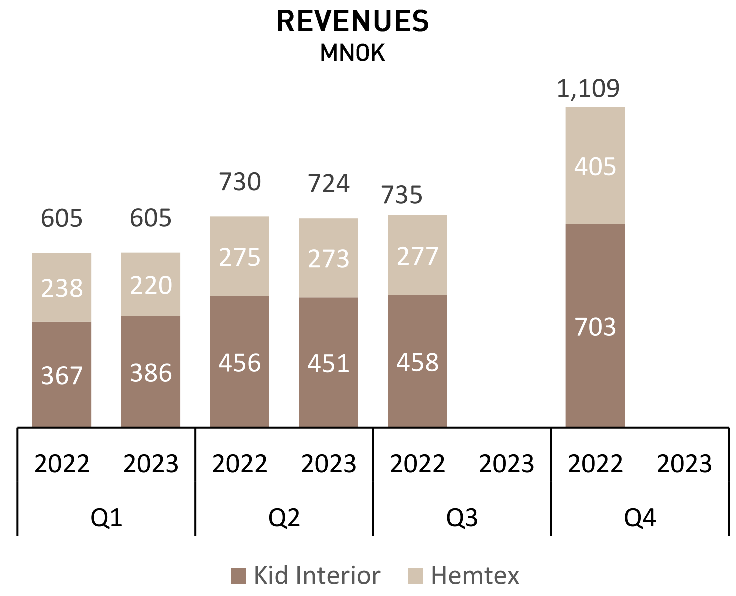
Categories launched since 2017 accounted for MNOK 107.0 (MNOK 94.0) in revenues, of which Extended accounted for MNOK 10.8 (MNOK 0).

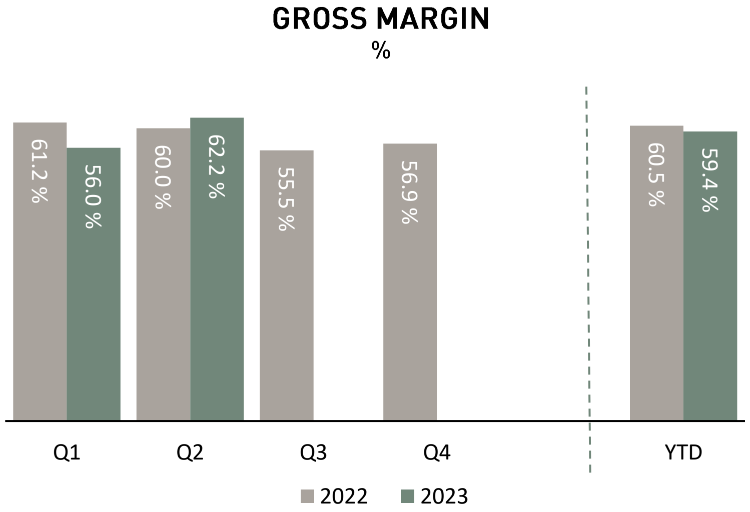
## Gross margin

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 SEKNOK 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 SEKNOK 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**

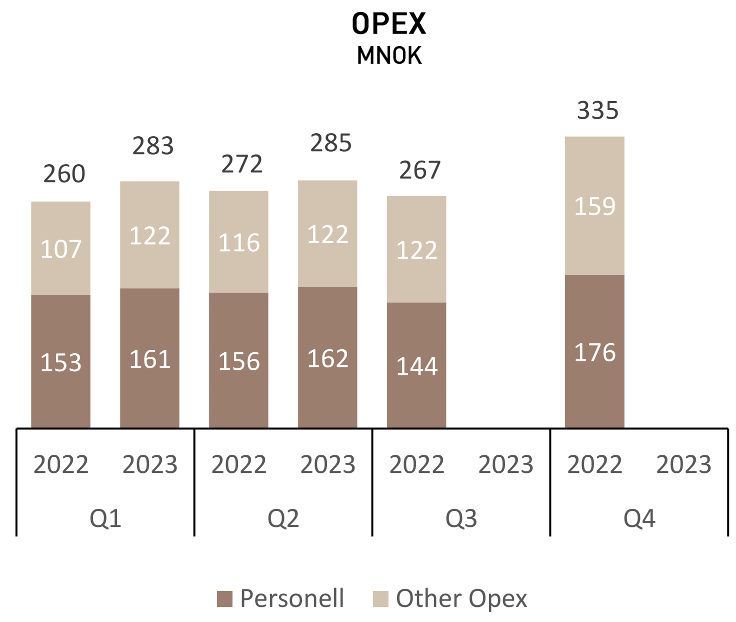
During Q2, Kid ASA paid MNOK 121.9 (MNOK 162.6) in dividend. Furthermore, the revolving credit facility of MNOK 130 (MNOK 130) was fully utilized at the end of the quarter, as well as MNOK 30 (MNOK 0) of the short-term credit facility.

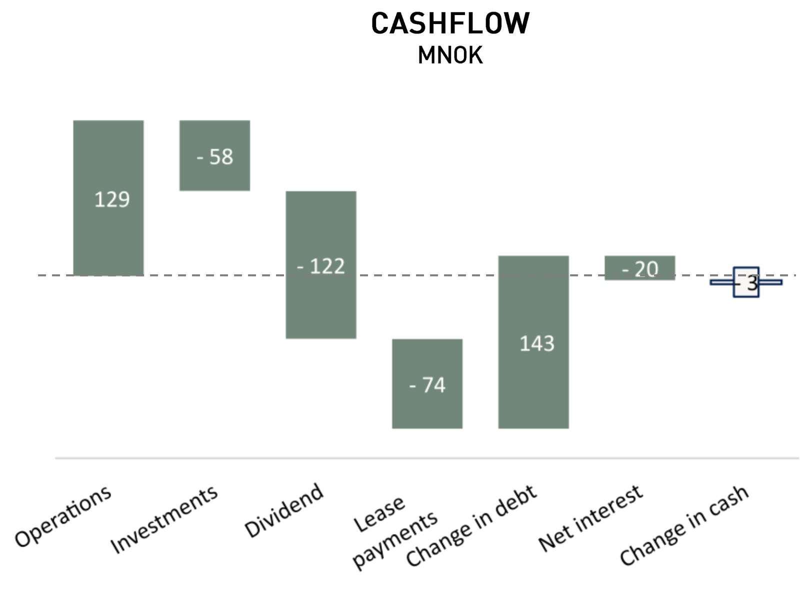
Excluding IFRS 16 effects, net interest-bearing debt was MNOK 842.7 (MNOK 784.7) at the end of the quarter, corresponding to 2.40x (1.35x) of the LTM EBITDA excluding IFRS 16. The Group had cash and available credit facilities of MNOK 175.9 (MNOK 159.5) as of 30 June 2023. The Group has a satisfactorily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

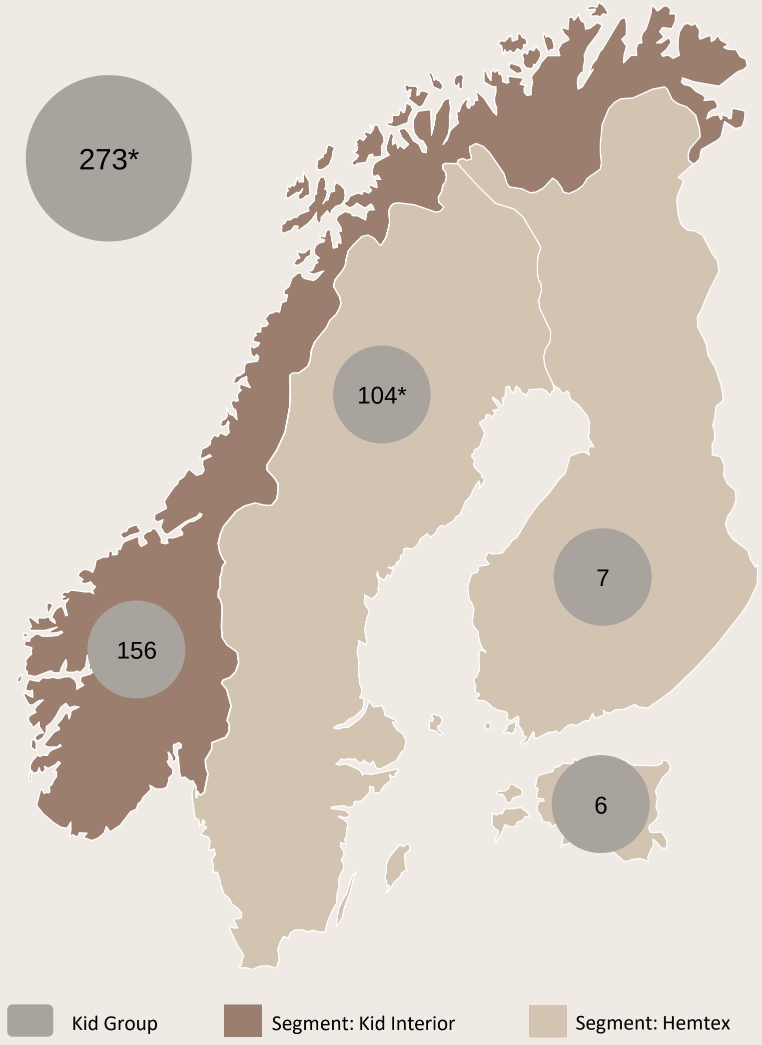
| (Amounts in NOK millions) | Q2 2023 | Q2 2022 | H1 2023 | H1 2022 | FY 2022 |
|---|---|---|---|---|---|
| **Revenue** | **450,7** | **455,5** | **836,6** | **822,3** | **1 983,6** |
| Revenue growth | -1,8% | 8,9 % | 1,7 % | 10,5 % | 5,3 % |
| LFL growth including online sales | -2,0% | 5,8 % | 0,5 % | 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 |

[1] *Calculated 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.

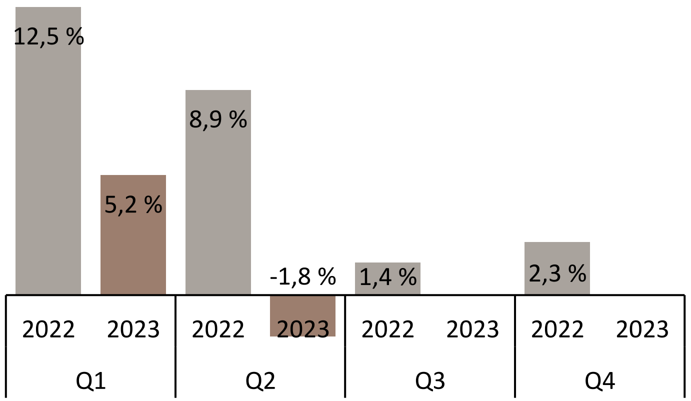
**Employee expenses** increased by MNOK 2.5:

- 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).

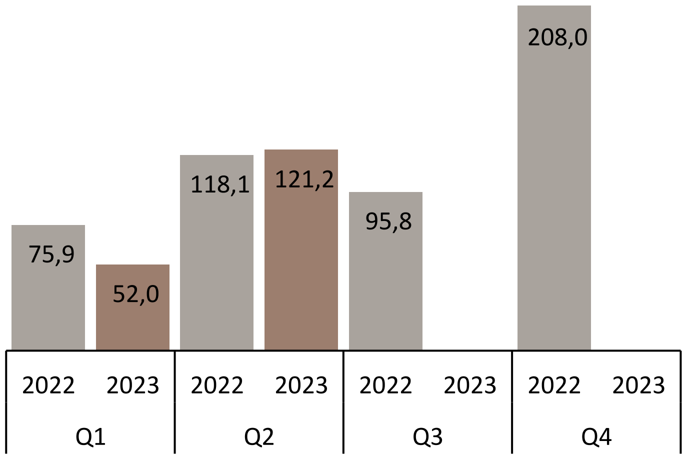
**Other operating** expenses increased by MNOK 5.4:

- 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.

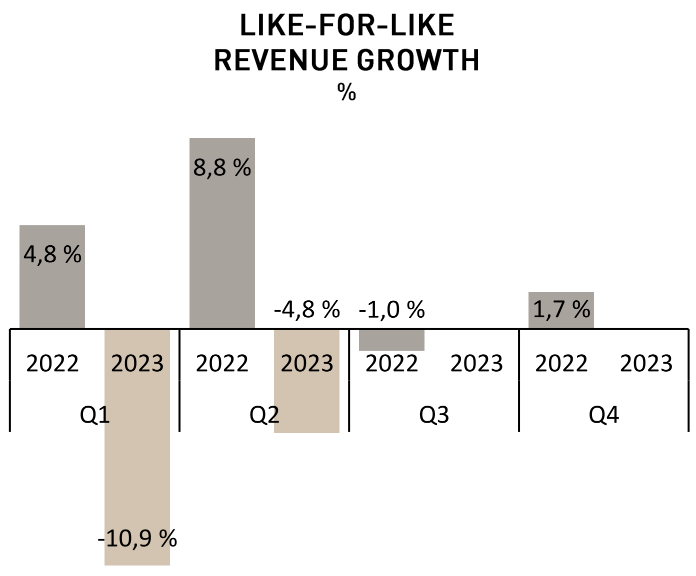
Online revenues increased by +2.5% (+3.6%) to MNOK 39.9 (MNOK 38.9) based on a constant currency calculation.

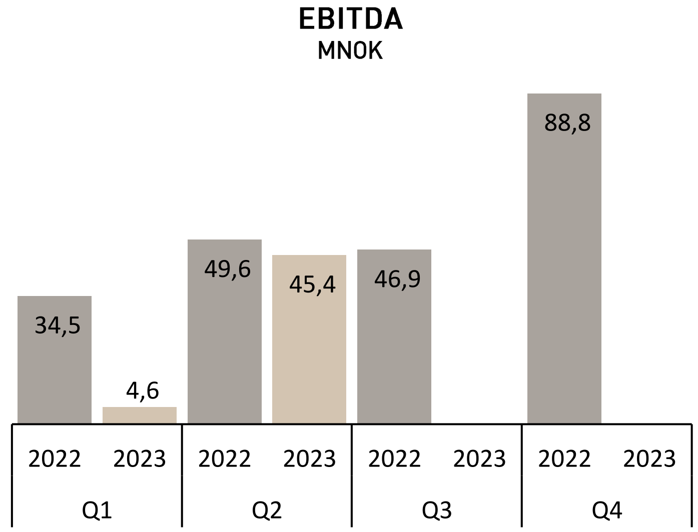
Hemtex 24H revenue was stable compared to Q2-22. Reference is made to the Q1-23 report related to the termination of the agreement with ICA Gruppen, which will impact revenues for the upcoming quarters.

**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 SEKNOK 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 SEKNOK exchange rate



# 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

| | |
|---|---|
| Petter Schouw-Hansen<br>*Chair* | Karin Bing Orgland<br>*Board member* |
| Rune Marsdal<br>*Board member* | Liv Berstad<br>*Board member* |
| Gyrid Skalleberg Ingerø<br>*Board member* | Espen Gundersen<br>*Board member* |

Anders Fjeld
*Chief Executive Officer*


## INTERIM CONSOLIDATED STATEMENT OF PROFIT AND LOSS

| (Amounts in NOK thousand) | Note | Q2 2023<br>Unaudited | Q2 2022<br>Unaudited | H1 2023<br>Unaudited | H1 2022<br>Unaudited | FY 2022<br>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.*

## INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| (Amounts in NOK thousand) | Note | 30.06.2023 | 30.06.2022 | 31.12.2022 |
|---|---|---|---|---|
| **Assets** | | Unaudited | Unaudited | Audited |
| 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 |
| **Totalt 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 |
|---|---|---|---|---|
| **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 | | 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 | Q2 2022 | H1 2023 | H1 2022 | FY 2022 |
|---|---|---|---|---|---|---|
| | | Unaudited | Unaudited | Unaudited | Unaudited | 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] |
| *Of which secured with fixed interest rate:* | | | | | |
| *Denominated in NOK* | 395 000 | *395 000* | *Fixed rate at 1,876% + 1.25%*[2] | | |
| *Denominated in SEK* | 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.

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

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

[4] The 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** |
| *Exchange differences* | *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** |
| *Exchange differences* | *-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

Petter Schouw-Hansen
*Chair*

Karin Bing Orgland
*Board member*

Rune Marsdal
*Board member*

Liv Berstad
*Board member*

Gyrid Skalleberg Ingerø
*Board member*

Espen Gundersen
*Board member*

Anders Fjeld
*Chief Executive Officer*

# 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 is 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.

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