

Kid ASA

Q2 2023 presentation



Financial summary

Second quarter in brief

- Challenging retail market, improved development throughout the quarter
- Group revenues decreased by -0.8% (+8.8%). In constant currency:
 - Group revenues decreased by -2.5% (+8.0%)
 - LFL revenues decreased by -3.3% (+5.6%)
 - Online revenues increased by +9.3% (+3.7%)
- Gross margin increased by 2.2 percentage points
 - Mainly due to normalised freight rates and price adjustments fully effective
- EBITDA decreased by MNOK 1.0 to MNOK 166.6
 - OPEX impacted by relocation costs in Hemtex and index regulation of rent
- EPS of NOK 0.90 (1.28)



Operational focus

- “Atelier” by Camilla Pihl launched as a new collection in May. The high-end collection was well received by customers in Kid Interior with revenues of MNOK 3.5 during the quarter
- Revenues from the Extended assortment of MNOK 10.8 in the quarter
 - Available online, in pilot stores and in select larger stores in Norway
 - 5 extended pilot stores in operation, of which two opened during Q2
 - Gross margin for large furniture in line with expectations of 35-40% including last mile distribution
 - Concept will be launched online and in selected larger stores in Hemtex during H1-24
- New ordering module and supplier for Made-to-Measure sun screening launched in Norway. Enables a broader assortment, more attractive prices and a more seamless customer experience online and in physical stores. As a result, we experienced strong growth from the category during the quarter



Operational focus

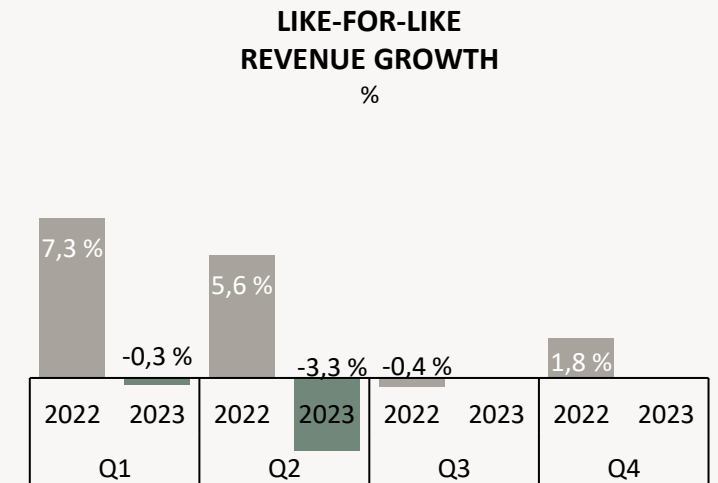
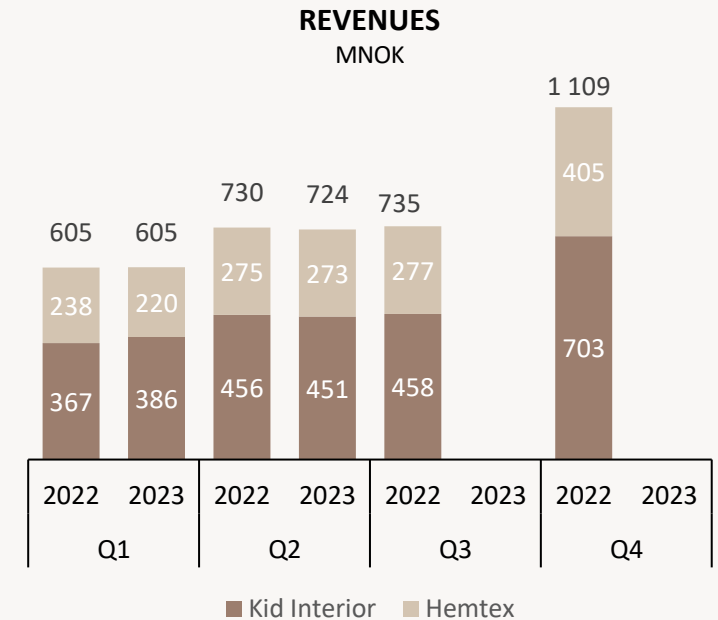
- Several improvements to our online platform implemented, including a chatbot, to further strengthen the shopping experience
- As one of the first retailers in the Nordics, the Scienced Based Target initiative (SBTi) has approved our net-zero science-based target during the quarter
- Relocation to new warehouse in Borås (Sweden) finalised according to plan. We see satisfactory progression in warehouse efficiency and will continue to optimize operations. In Q2, MNOK 2.0 is booked as other OPEX related to the relocation
- Common point of sale (POS) system implemented in all our stores. We will continue to integrate our IT platform between Kid Interior and Hemtex throughout the year. A common IT platform will enable us to work more efficient and reduce time-to-market



Revenues

Group revenues Q2 decreased by -0.8% (+8.8%)

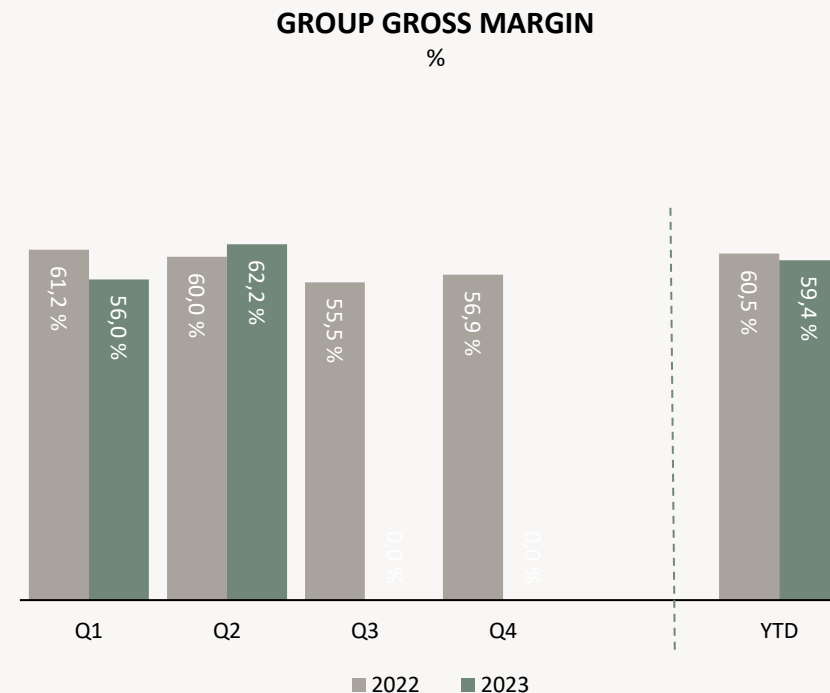
- In constant currency:
 - Group revenues decrease of -2.5% (+8.0%)
 - Group like-for-like revenues decrease of -3.3% (+5.6%) including online sales
 - Online growth of 9.3%, equivalent to an online share of 12.1%. Including click-and-collect, the online share was 17.2%
- Kid Interior revenues decline of -1.1% (+8.9%)
 - Positive contribution from Extended
 - Like-for-like decline of -2.0% (+5.8%) including online sales
 - Online sales increase of +15.6%
- Hemtex revenues decline of -0.4% (+6.2%). In constant currency:
 - Revenues decline of -4.8% (+8.8%)
 - Like-for-like decline of -5.4% (+5.2%) including online sales
 - Online sales increase of +2.5%



Gross margin

Gross margin positively affected by normalised freight costs

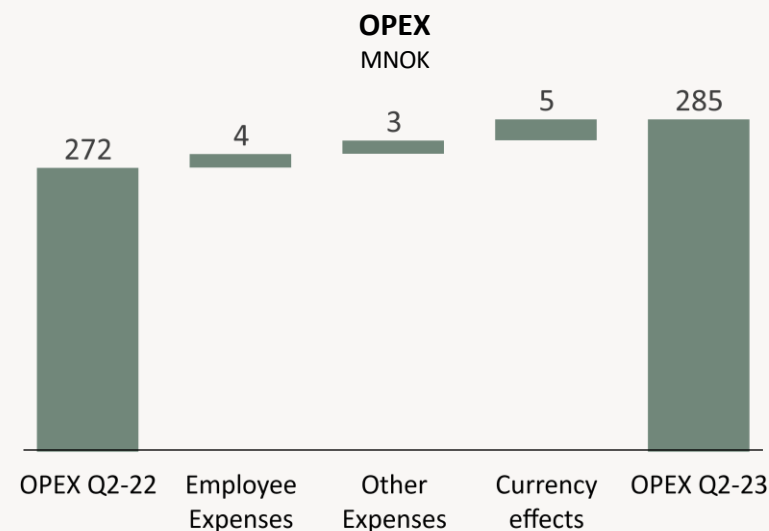
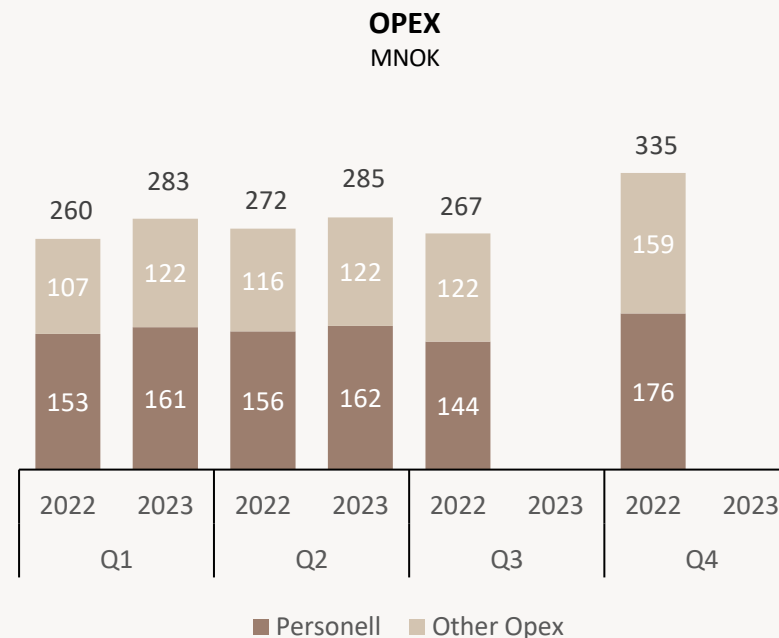
- Group gross margin was 62.2% for the quarter, up by 2.2 pp compared to Q2-22
 - Kid Interior gross margin increased by 3.1 pp to 63.1% (60.0%)
 - Hemtex gross margin increased by 0.7 pp to 60.7% (60.0%)
- Freight rates have normalised to pre-Covid level during 2023, and combined with price adjustments 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



OPEX

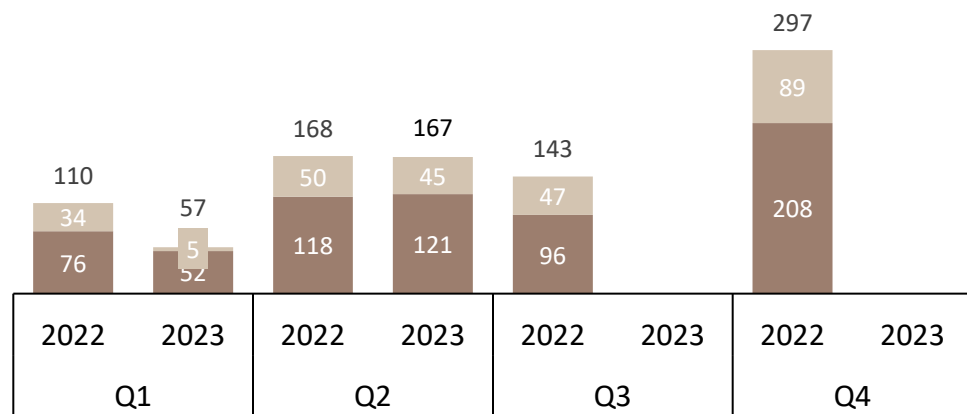
OPEX-TO-SALES OF 51.1% (47.3%)

- Employee benefit expenses increased by MNOK 6.4
 - Increased staffing at HQ and general salary increase
 - Increased Logistics due to own employees in Sweden of MNOK 2.2
 - Tight cost control in LFL stores
 - MNOK 2.9 due to changes in SEK/NOK exchange rate
- Other operating expenses increased by MNOK 6.0
 - Increased rental costs due to index regulation of rent and net new stores
 - Reduced logistics costs by MNOK -1.0 due to shift between other OPEX and employee expenses for the logistics operation in Sweden, partly offset by relocation of warehouse in Sweden
 - MNOK 2.6 due to changes in SEK/NOK exchange rate
- Covid-19 related cost reduction effects of MNOK 0 (MNOK 0.2)



EBITDA

MNOK

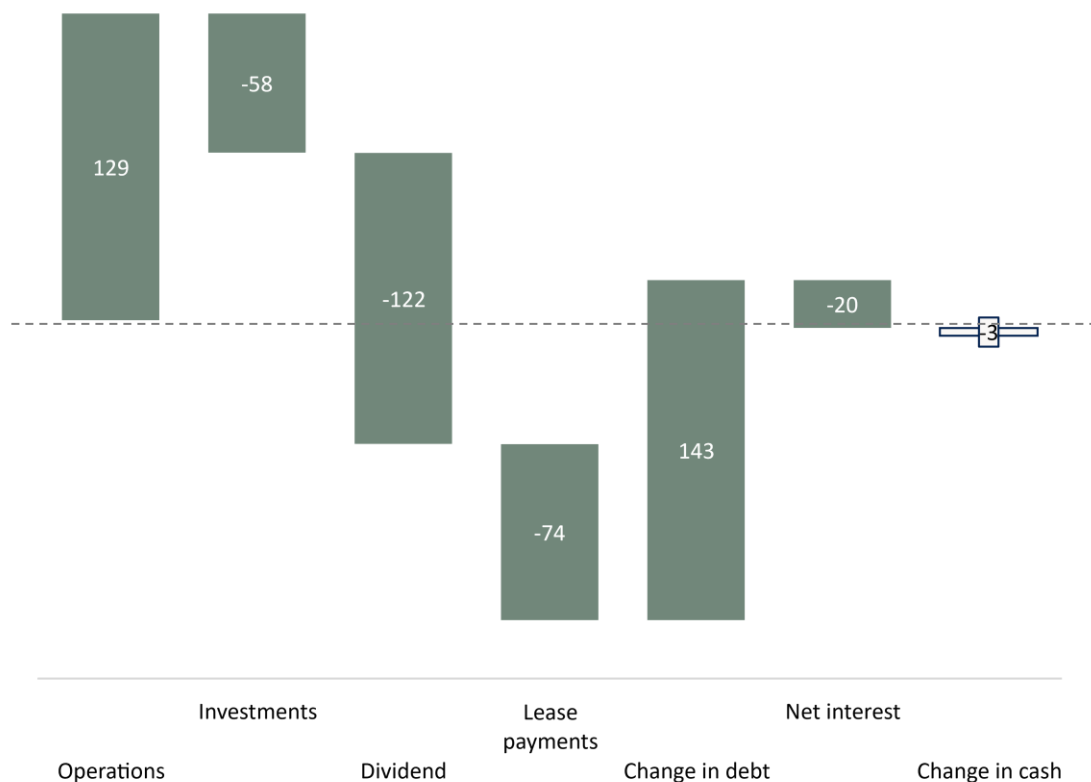


■ Kid Interior ■ Hemtex



Cashflow

MNOK



Satisfactory financial position and liquidity

- Cash flow from operations improved due to
 - Less corporate tax paid
 - Positive effect from inventory build-down in Q2-23
 - Positive effect from other provisions due to increased goods in transit
- Cash flow from investments reflects CAPEX in stores and online platform of MNOK 34.9, and investment in the new warehouse in Sweden of MNOK 23.6
- Cash flow from financing influenced by payment of dividend of MNOK 122, and increased debt of MNOK 143
- Gearing ratio, excl. IFRS 16 effects, of 2.40x (1.35x)
- Net interest-bearing debt excl. IFRS 16 leasing liabilities of MNOK 842.7 (MNOK 784.7)
- Cash and available credit facilities of MNOK 175.9 (MNOK 159.5)

Store portfolio activity

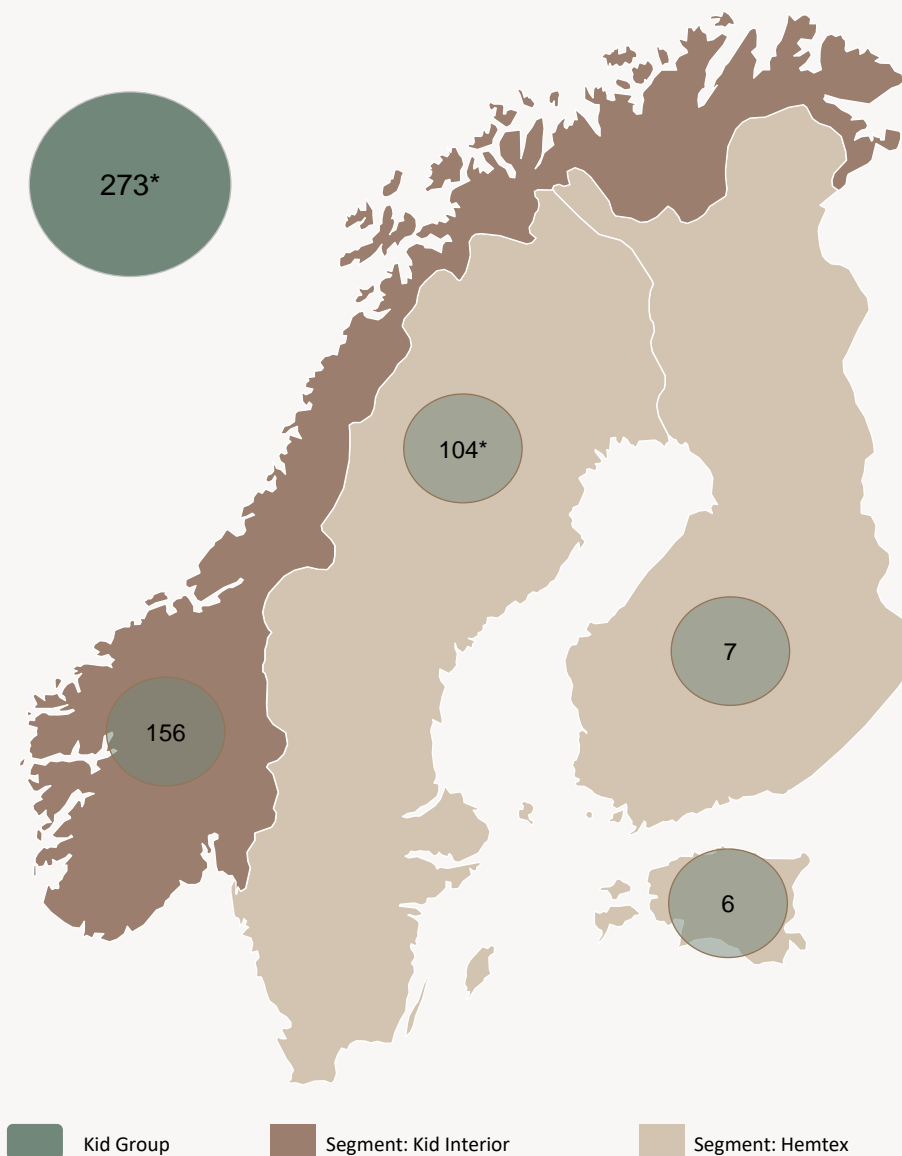
Per quarter end

	Completed 2023	Signed, but not yet completed
New stores	NO: Trondheim Torg FI: Lippulaiva, Espoo	NO: Rørvik (Q4 23) NO: Grünerløkka (Q2 25) NO: Fredrikstad (Q4 24) SE: Burlöv (Q4 23)
Closures	NO: 1 store SE: 1 store FI: 2 stores	
Relocations	NO: 5 stores ¹ SE: 4 stores	NO: 6 stores SE: 5 stores
Refurbishment/ expansion	NO: 6 stores ² SE: 1 store	NO: 4 stores SE: 1 store EST: 1 store FI: 1 store

¹of which three stores are Kid Extended

²of which one store is Kid Extended

NUMBER OF STORES PER QUARTER END



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

Establishment of one central warehouse in Sweden

- 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
- Construction of the warehouse extension of approx. 27,000 sqm is expected to start H1-24 and be finalised during 2025
- Kid's investment in the JV 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.
- The purchase agreement includes an option to purchase one adjacent plot for future flexibility
- Further details is provided in yesterday's stock exchange announcement



Outlook

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



Q&A



Segment: Kid Interior

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



Segment: Hemtex

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



Income statement

(Amounts in NOK thousand)	Q2 2023	Q2 2022	H1 2023	H1 2022	FY 2022
Revenue	724,1	730,1	1 329,5	1 334,7	3 178,0
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 revenue	1,0	1,8	1,6	2,5	5,2
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 and amortisation	-100,8	-87,8	-196,7	-174,5	-348,3
EBIT	65,8	79,8	26,6	103,6	369,2
EBIT margin (%)	9,1 %	10,9 %	2,0 %	7,7 %	11,6 %
Net finance	-20,5	-10,7	-38,4	-22,3	-47,5
Share of result from joint ventures	0,1	-1,2	-2,1	-1,9	-2,8
Profit before tax	45,3	67,9	-14,0	79,4	318,9
Net profit	36,4	52,0	-12,1	60,7	249,2



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
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

(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

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		4,0		3,9	8,2	15,2
Segment allocated other operating expense	0,5	0,6	0,5	0,6		0,5		0,5	0,9	2,1
Hemtex										
Segment allocated employee benefits expense	-4,2	-3,3	-4,0	-4,0		-4,0		-3,9	-8,2	-15,2
Segment allocated other operating expense	-0,5	-0,6	-0,5	-0,6		-0,5		-0,5	-0,9	-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 %	-2,5 %		
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 %	-3,3 %		

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 %	-1,1 %		
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 %	-2,0 %		

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 %	-4,8 %		
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 %	-5,4 %		

Sales days and stores

Kid Interior

Number of sales days

Year	Q1	Q2	Q3	Q4	Total
2022	76	72	79	81	308
2023	77	71			148

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	1			1
Closed stores	1	0			1
Relocated stores	2	1			3
Refurbished stores	5	3			8

Total number of stores 155 156

Total number of LFL stores 152 152

Hemtex

Number of sales days

Year	Q1	Q2	Q3	Q4	Total
2022	89	90	92	91	362
2023	89	90			179

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	0			1
Closed stores	2	1			3
Relocated stores	1	3			4
Refurbished stores	1	0			1

Total number of stores* 129 128

Total number of LFL stores* 122 121

*incl franchise stores

Logistic costs – Sweden

Logistic costs - Sweden

(MSEK)	Q1 2023	Q1 2022	Q2 2023	Q2 2022	Q3 2023	Q3 2022	Q4 2023	Q4 2022	Total year 2023	Total year 2022
Employee benefits expense			2.2						2.2	
Third-party logistics expense	12.1	10.5	1.7	10.9		12.4		15.4	13.9	49.1
Central warehouse expenses	2.0	1.7	9.9	2.0		1.6		2.3	11.9	7.5
Total incl. non-recurring items	14.2	12.1	13.7	12.8	0.0	14.0	0.0	17.7	27.9	56.6
Non-recurring items										
Employee benefits expense			-0.6						-0.6	
Third-party logistics expense			-1.7						-1.7	
Central warehouse expenses										
Total excl. non-recurring items	14.2	12.1	11.4	12.8	0.0	14.0	0.0	17.7	25.6	56.6