Kid ASA

Interim report

Q4 2023

# Quarter in brief

(Figures from corresponding period the previous year in parentheses)

**GROUP REVENUES** increased by 13.0% (+0.7%).

**GROSS MARGIN** increased by 6.5 percentage points to 63.4% (56.9%).

**OPEX** increased by 6.9% excluding bonus expenses.

**EBITDA** increased by MNOK 123.1 to MNOK 419.9 (MNOK 296.8).

**CASH FLOW** from the operations is all time high.

**HALF-YEAR DIVIDEND** payment of NOK 3.50 per share, payable in May 2024.

### Group revenues

We are proud to present another strong quarter with double digit growth. Our value-for-money concepts remain resilient under the current demanding market conditions, and we see a strong momentum for our like-for-like stores. Growth in the quarter was further accelerated by our omnichannel and category development initiatives. In Q4, we reached all-time high quarterly revenues of MNOK 1,253 with online sales exceeding MNOK 150, representing an online share of 12.8%.

### Extended concept

The Extended concept was launched in Norway in Q4-22 and comprise a new assortment including, among other things, sofas, carpets and beds. Revenues from the Extended assortment amounted to MNOK 14.6 in the quarter, of which MNOK 8.4 from online stores. As previously communicated, we will launch the Extended assortment online and in selected larger stores (+600 sqm.) in Hemtex during Q1-24. In addition, we will increase the number of Extended stores (+1,200 sqm.) from 5 to 10 stores in Norway, and open 3 Extended stores in Sweden.

### Gross margin

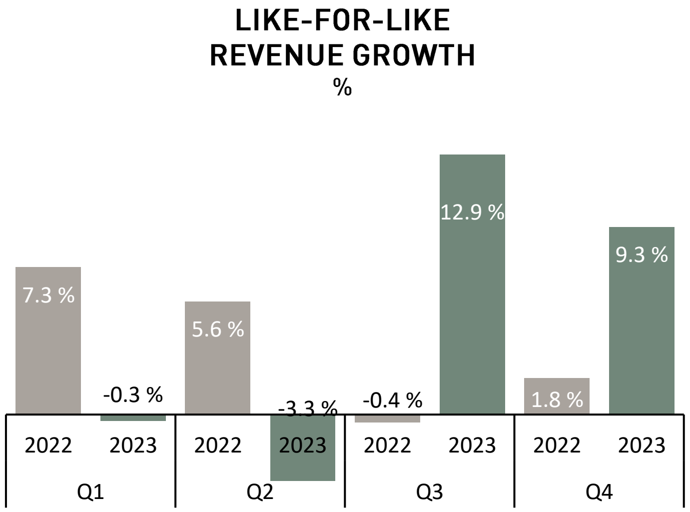
Our gross margin has improved as freight rates are back on historical levels and price adjustments implemented during Q1-23. We are closely monitoring the freight situation in the Red Sea / Gulf of Aden and are prepared to take necessary actions if considered necessary, as the current uncertain situation could potentially impact future freight rates and delivery time.

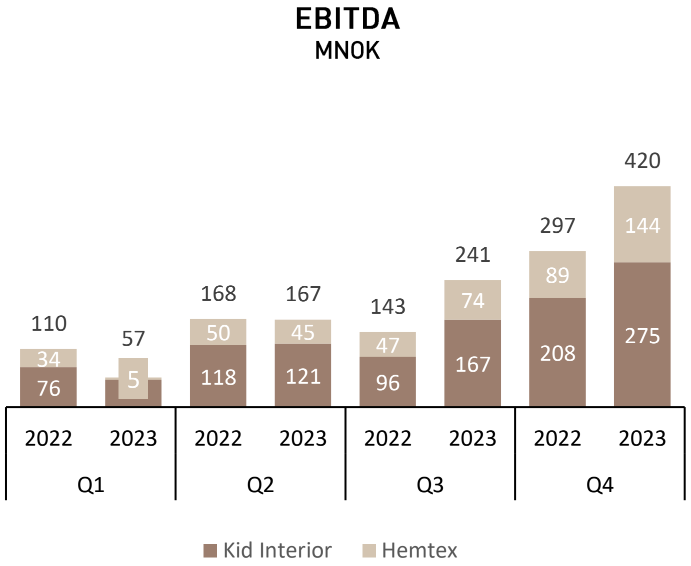
### Technology and initiatives

In the fourth quarter, we successfully completed a significant transition from SAP, signifying a year filled with noteworthy events that included the implementation of a new Point of Sale (POS) system and a common Enterprise Resource Planning (ERP) system across the Group. This ensures a modern and effective IT infrastructure. Going forward, we will continue to invest in, and develop, our systems.

### Warehouse project in Sweden

The performance of the new warehouse in Sweden this quarter confirms a successful implementation and operation. Valuable experiences gained since its opening will be taken into account with regard to the planned expansion of the warehouse, in order to establish a joint warehouse for the Group in 2025 with necessary capacity for continued growth. In accordance with our progress plan, we have now taken over the plot and signed the contract agreement. We estimate that operations in the expanded warehouse and relocation from current warehouse in Norway will commence during 2025. The warehouse in Sweden is owned by a Joint Venture which is controlled by Kid (through Kid Eiendom AS) and Fabritius Gruppen AS on a 50/50 basis.



# Alternative Performance Measures

| (Amounts in NOK million) | Q4 2023 | Q4 2022 | FY 2023 | FY 2022 |
|---|---|---|---|---|
| **Revenue** | **1,253.2** | **1,108.6** | **3,413.6** | **3,178.0** |
| Like-for-like growth including online sales [1] | 9.3 % | 1.8 % | 5.5 % | 3.1 % |
| COGS | -459.1 | -478.1 | -1,314.3 | -1,331.6 |
| **Gross profit** | **794.1** | **630.4** | **2,099.3** | **1,846.4** |
| **Gross margin (%)** | **63.4%** | 56.9% | **61.5%** | 58.1% |
| | | | | |
| Other operating income | 1.7 | 1.2 | 4.3 | 5.2 |
| | | | | |
| Employee benefits expense | -220.0 | -176.4 | -704.7 | -629.9 |
| Other operating expense | -240.5 | -230.6 | -854.0 | -795.5 |
| Other operating expense - IFRS 16 effect | 84.7 | 72.0 | 339.6 | 291.3 |
| **OPEX** | **-375.8** | **-334.9** | **-1,219.1** | **-1,134.1** |
| **EBITDA** | **419.9** | **296.8** | **884.5** | **717.5** |
| **EBITDA margin (%)** | **33.5%** | 26.7% | **25.9%** | 22.5% |
| | | | | |
| Depreciation | -26.7 | -19.3 | -92.6 | -74.8 |
| Depreciation - IFRS 16 effect | -79.0 | -68.1 | -311.6 | -273.5 |
| **EBIT** | **314.2** | **209.4** | **480.4** | **369.2** |
| **EBIT margin (%)** | **25.0%** | **18.9%** | **14.1%** | **11.6%** |
| | | | | |
| Net financial income (expense) | -6.3 | -5.3 | -33.3 | -19.0 |
| Net financial expense - IFRS 16 effect | -11.7 | -7.5 | -43.3 | -28.5 |
| Share of result from joint ventures | 0.4 | 1.6 | -1.2 | -2.8 |
| **Profit before tax** | **296.6** | **198.2** | **402.5** | **318.9** |
| | | | | |
| **Net income** | **233.4** | **159.0** | **313.8** | **249.2** |
| **Earnings per share** | **5.74** | **3.91** | **7.72** | **6.13** |
| | | | | |
| Liabilities to financial institutions | -521.7 | -551.6 | -521.7 | -551.6 |
| Lease liabilities - IFRS 16 effect | -1,084.9 | -781.8 | -1,084.9 | -781.8 |
| Cash | 225.1 | 75.7 | 225.1 | 75.7 |
| **Net interest bearing debt** | **-1,381.5** | **-1,257.7** | **-1,381.5** | **-1,257.7** |

[1]*Calculated in constant currency*

# Financial Review for the Kid Group

**A robust fourth quarter in terms of basket size resulted in the second consecutive quarter of double-digit growth. Gross margin improved due to freight rates on historical level and price adjustments, in addition to limited need of seasonal sale in the period. Operating expenses (OPEX) increased due to general salary and price increases, as well as bonus expenses. In total, we achieved a record high EBITDA for the Group in the fourth quarter.**

## Group revenues

Total Group revenues increased by 13.0% (+0.7%), with consistent growth in every month of the quarter. In constant currency, revenues increased by 10.2% (+2.1%). Net new stores contributed positively.

The like-for-like revenue increase was 9.3% (+1.8%) in the quarter. Both Kid Interior and Hemtex experienced positive revenue development in both online and in physical stores.

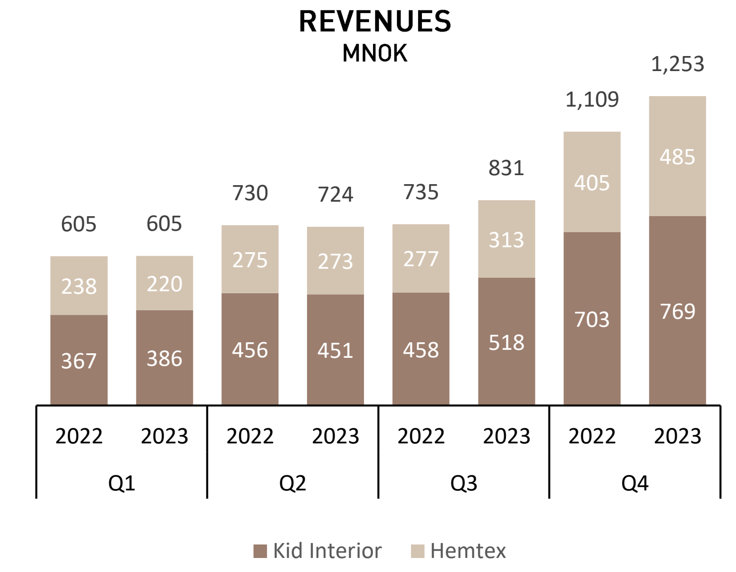
Online revenues increased by 26.6% (+18.2%) in the quarter and represented 12.8% (11.0%) of total revenues.

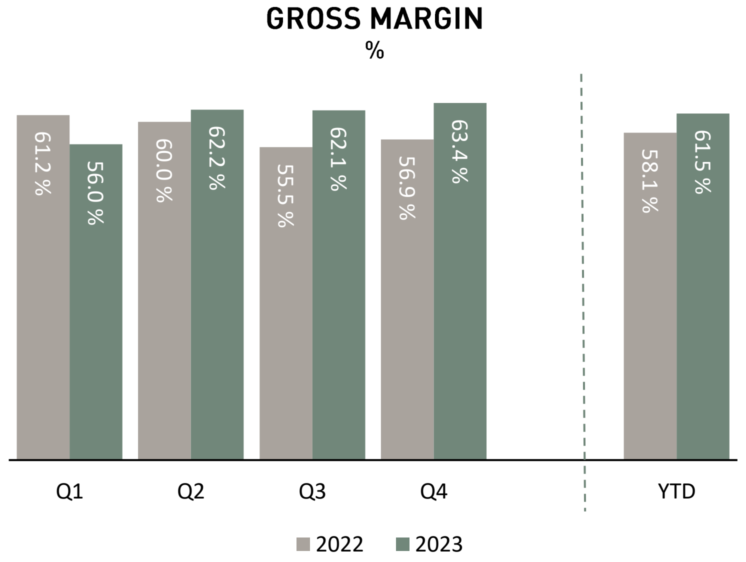
Categories launched since 2017 accounted for MNOK 166.5 (MNOK 136.1) in revenues, of which the Extended assortment accounted for MNOK 14.6 (MNOK 0), of which MNOK 8.4 online and MNOK 6.2 in physical stores.

## Gross margin

Both Kid Interior and Hemtex experienced increased gross margins compared to Q4-22. The strengthened campaign activities in Hemtex, including Black Week and Cyber Week, affected margin negatively.

As previously communicated, the gross margin in Q4-22 was unusually low as the high freight rates in 2022 were not sufficiently incorporated in our price calculation models.



# Financial Review for the Kid Group

**Employee expenses** increased by MNOK 43.6 to MNOK 220.0:
- MNOK 4.8 in LFL stores mainly due to general salary inflation. Working hours were stable following tight cost control
- MNOK 1.2 increase from net new stores
- MNOK 18.2 due to higher bonus expenses compared to last year
- MNOK 7.2 in HQ costs due to general salary increase and increased number of employees
- MNOK 8.0 in Logistics mainly due to the new central warehouse in Sweden presented as other operating expenses last year, in addition to increased logistics activity in Norway
- MNOK 4.2 due to changes in SEKNOK exchange rate

**Other operating expenses** decreased by MNOK -2.7 to MNOK 155.8:
- MNOK 9.3 in LFL stores, mainly related to index adjustment of rental costs and increased shared operating costs, however reduced due to decreased electricity costs
- MNOK 0.8 increase in net new stores
- MNOK 6.6 from increase of marketing cost
- MNOK -3.4 in HQ costs, mainly related to less use of external consultants and logistics personnel, and reduced logistics operating material compared to previous year
- MNOK -10.5 in Logistics operating costs mainly due to personnel costs in Sweden, presented as employee expenses this year
- MNOK -10.5 related to change in IFRS 16 effects, reflecting the increase in rental cost in Logistics, HQ and stores due to index regulations, re-negotiated contracts and net new stores
- MNOK 5.0 due to changes in SEKNOK exchange rate

**EBITDA** increased compared to Q4-22 mainly due to increased revenues and improved gross margin and tight cost control.

**Depreciation** increased compared to last year and is mainly due investments in the new warehouse in Sweden and IFRS 16 effect related to the rental portfolio.

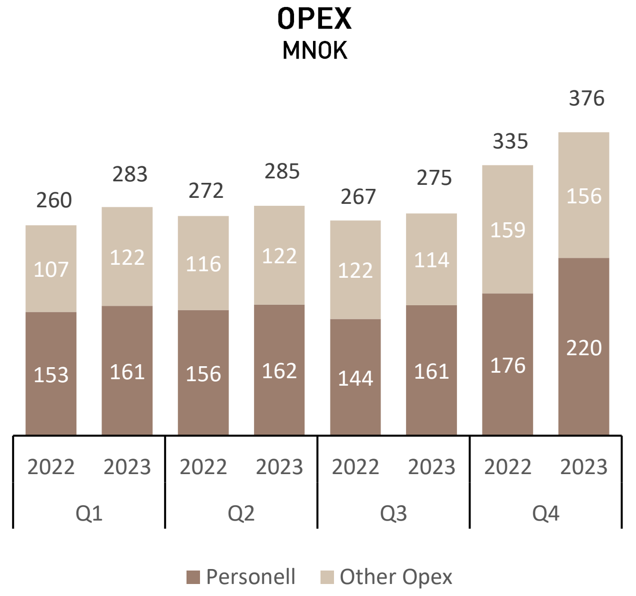
**Net financial expenses** of MNOK 18.0 (MNOK 12.8) relates to net interest expenses of MNOK 4.1 (MNOK 6.8), net other financial expenses of MNOK 0.5 (MNOK 0.0), net FX expenses of MNOK 1.7 (MNOK -1.5) and IFRS 16 interest expenses of MNOK 11.7 (MNOK 7.5).

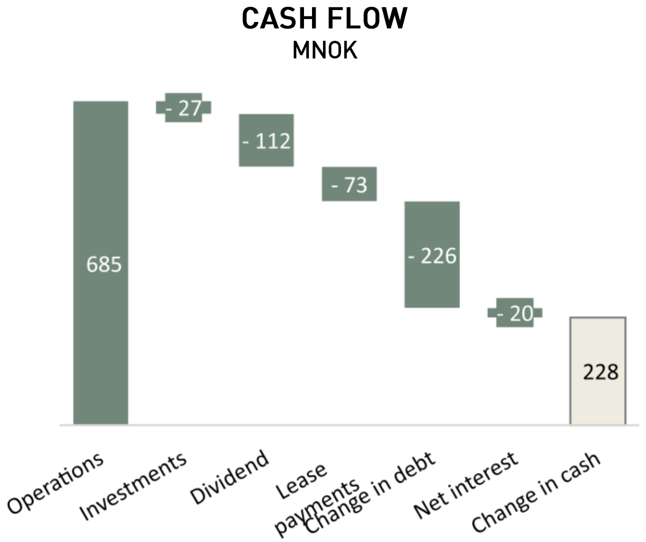
**Liquidity and borrowings**
During the quarter, dividends of MNOK 111.8 were paid. Furthermore, the draw on revolving credit facility was fully repaid of MNOK 160.0.

Excluding IFRS 16 effects, net interest-bearing debt was MNOK 296.6 (MNOK 475.9) at the end of the quarter, corresponding to a gearing ratio of 0.54x (1.12x) of LTM EBITDA. The Group had cash and available credit facilities of MNOK 827.1 (MNOK 552.7) as of 31 December 2023, and has a satisfactorily liquidity situation.

**Cash flow** from operations is record high due to historically low net working capital (NWC) and strong profit in the period. NWC can partially be attributed to significant public payable due in February 2024, in addition to timing of payments.

**Capital expenditures (CAPEX)** amounted to MNOK 30.7 (MNOK 67.7) during Q4, mainly relating to store openings and refurbishments. Investments in the new warehouse in Sweden accounted for MNOK 0 (MNOK 16.6) in the quarter.



# Segment: Key figures

**KID Interior**

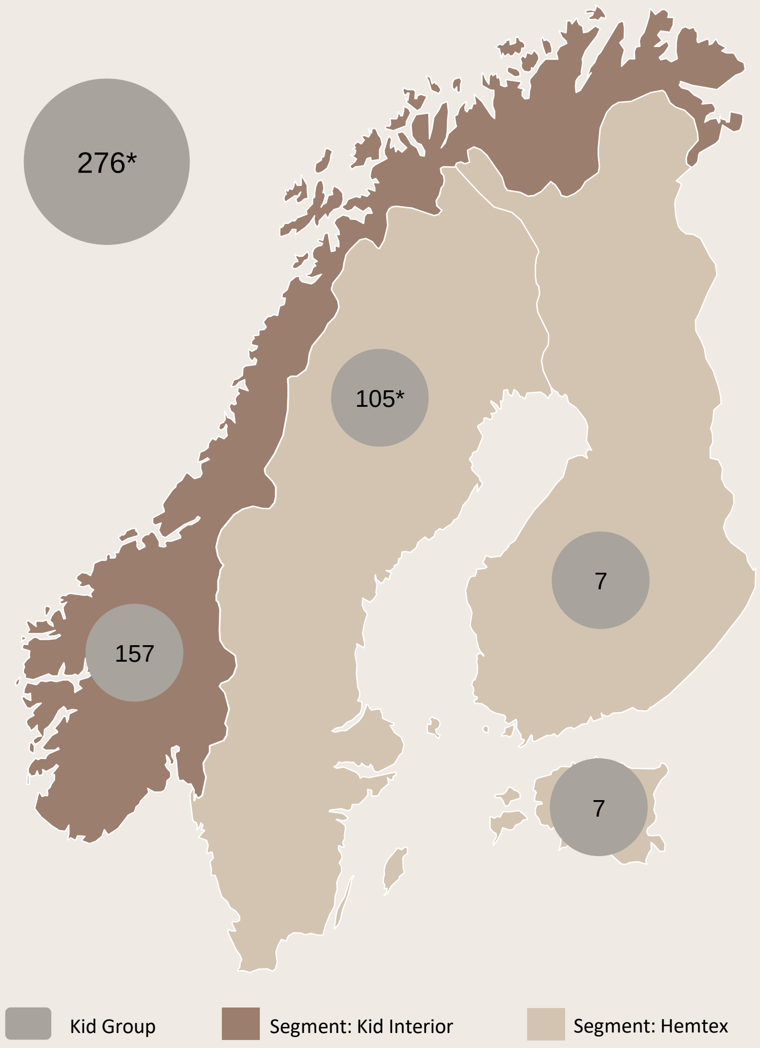
| (Amounts in NOK millions) | Q4 2023 | Q4 2022 | FY 2023 | FY 2022 |
|---|---|---|---|---|
| **Revenue** | **768.5** | **703.4** | **2,122.9** | **1,983.6** |
| Revenue growth | 9.3 % | 2.3 % | 7.0 % | 5.3 % |
| LFL growth including online sales | 8.5 % | 0.9 % | 6.1 % | 3.2 % |
| COGS | -265.2 | -294.7 | -796.2 | -828.0 |
| **Gross profit** | **503.3** | **408.7** | **1,326.7** | **1,155.6** |
| Gross margin (%) | 65.5 % | 58.1 % | 62.5 % | 58.3 % |
| Other operating revenue | 0.0 | 0.0 | 0.1 | 0.1 |
| Employee benefits expense | -140.7 | -114.8 | -436.5 | -392.2 |
| Other operating expense | -133.4 | -127.2 | -463.9 | -434.4 |
| Other operating expense - IFRS 16 effect | 46.2 | 41.3 | 189.2 | 168.7 |
| **EBITDA** | **275.4** | **208.0** | **615.5** | **497.9** |
| EBITDA margin (%) | 35.8 % | 29.6 % | 29.0 % | 25.1 % |
| No. of shopping days | 79 | 81 | 306 | 308 |
| No. of physical stores at period end | 157 | 156 | 157 | 156 |

**Hemtex**

| (Amounts in NOK millions) | Q4 2023 | Q4 2022 | FY 2023 | FY 2022 |
|---|---|---|---|---|
| **Revenue** | **484.7** | **405.2** | **1,290.7** | **1,194.4** |
| Revenue growth [1] | 11.9 % | 1.7 % | 3.2 % | 3.2 % |
| LFL growth including online sales [1] | 10.7 % | 3.5 % | 4.4 % | 2.8 % |
| COGS | -193.9 | -183.4 | -518.0 | -503.6 |
| **Gross profit** | **290.8** | **221.8** | **772.6** | **690.8** |
| Gross margin (%) | 60.0 % | 54.7 % | 59.9 % | 57.8 % |
| Other operating revenue | 1.7 | 1.2 | 4.2 | 5.1 |
| Employee benefits expense | -79.4 | -61.6 | -268.2 | -237.6 |
| Other operating expense | -107.0 | -103.3 | -390.0 | -361.3 |
| Other operating expense - IFRS 16 effect | 38.4 | 30.7 | 150.4 | 122.6 |
| **EBITDA** | **144.5** | **88.8** | **269.0** | **219.7** |
| EBITDA margin (%) | 29.7 % | 21.8 % | 20.8 % | 18.3 % |
| No. of shopping days | 91 | 91 | 362 | 362 |
| No. of physical stores at period end (excl. franchise) | 119 | 119 | 119 | 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** increased compared to last year, mainly due to increased basket size and footfall in both physical like-for-like stores and online. The number of shopping days were reduced by two days to 79 (81) in total for the quarter.

Online revenues increased by +28.4% (+23.9%) to MNOK 81.9 (MNOK 63.8).

The Extended assortment accounted for MNOK 14.6 (MNOK 0) in revenues for the quarter.

**Gross margin** increased by 7.4 percentage points driven by freight rates on historical levels in combination with price adjustments implemented during Q1-23.

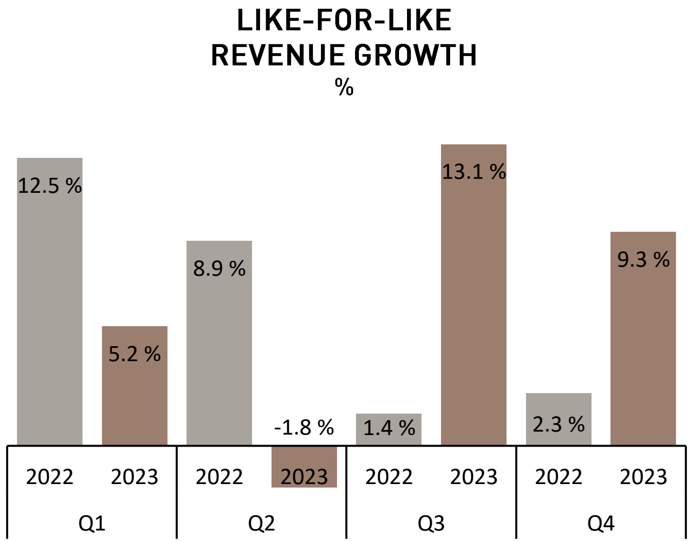
**Employee expenses** increased by MNOK 25.9:

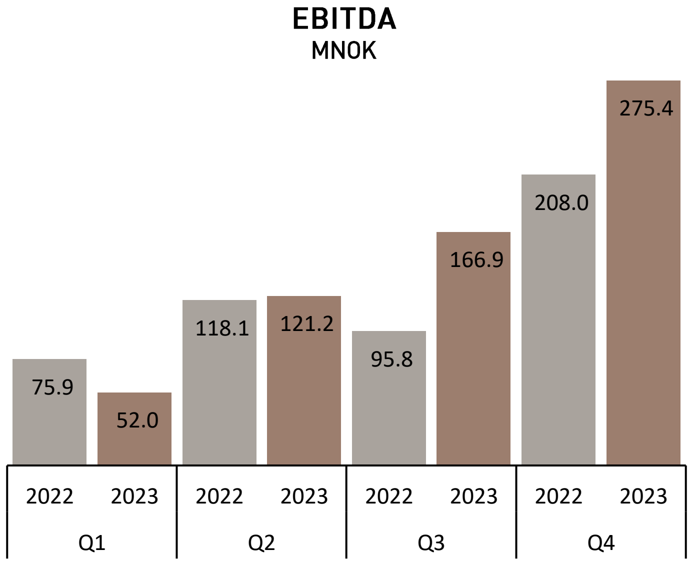
- MNOK 3.9 in LFL stores mainly due to general salary inflation
- MNOK 0.9 due to net new stores
- MNOK 15.4 due to higher bonus expenses
- MNOK 3.0 in HQ costs mainly due to increase in HQ staff as well as general salary increases
- MNOK 2.7 in Logistics due to increased activity

Bonus provision year-to-date amounted to MNOK 25.9 (MNOK 2.4).

**Other operating** expenses increased by MNOK 1.3:

- MNOK 5.0 in LFL stores mainly related to index adjustment of rental costs and increased shared operating costs as well as last mile transportation costs related to Extended furniture produced in the Baltics, and somewhat reduced by decreased electricity costs
- MNOK 0.7 in net new stores
- MNOK 3.1 from increase of marketing cost
- MNOK -2.5 in HQ, mainly related to less use of external consultants and logistics personnel, and reduced logistics operating material
- MNOK -0.1 in Logistics mainly due to less repair and maintenance partly offset by higher costs for harbour fee
- MNOK -4.9 related to change in IFRS 16 effects, reflecting the increase in rental cost included in Logistics, HQ and stores due to index regulations, re-negotiated contracts and net new stores



# Segment: Hemtex

**Revenues** increased, mainly due to increased basket size. The conclusion of "Hemtex 50 Years" campaign in October was an important growth driver, combined with increased campaign activity in Black Week and Cyber Week. The number of shopping days (91) in the quarter was unchanged compared to last year.

Online revenues increased by +24.8% (+12.6%) to MNOK 78.2 (MNOK 62.7) based on a constant currency calculation.

Hemtex 24h revenues increased by MNOK 0.4 compared to Q4-22. Reference is made to the Q1-23 report related to the termination of the agreement with ICA Gruppen, which impacted revenues this year.

**Gross margin** increased by 5.3 percentage points driven by freight rates on historical levels in combination with price adjustments implemented during Q1-23. The increased campaign activities in Hemtex, including Black Week and Cyber Week, affected margin negatively.

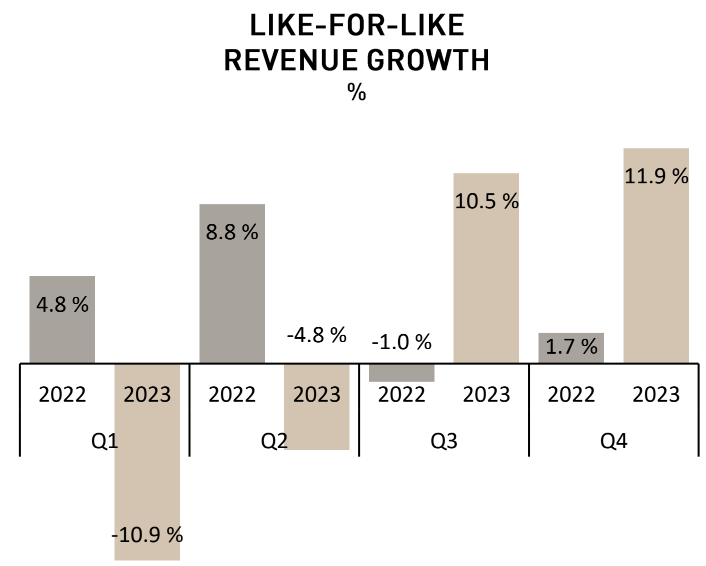
**Employee expenses** increased by MNOK 17.8:

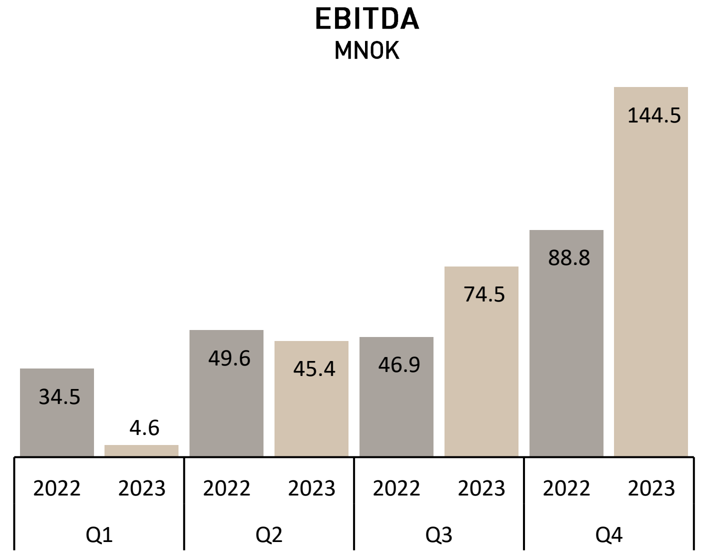
- MNOK 0.9 in LFL stores due to general salary increase
- MNOK 0.4 due to net new stores
- MNOK 2.8 due to higher bonus expenses
- MNOK 4.1 in HQ due to correction of employee taxes last year, more services provided by HQ in Norway as well as general salary increases, partly offset by a reduced number of employees
- MNOK 5.3 in Logistics due to new employees following the inhouse logistic operations in Sweden
- MNOK 4.3 due to changes in SEKNOK exchange rate

Bonus provision year-to-date amounted to MNOK 3.8 (MNOK 0.0).

**Other operating expenses** decreased by MNOK -4.0:

- MNOK 4.2 in LFL stores, mainly related to index adjustment of rental costs and store expansions
- MNOK 0.2 in net new stores
- MNOK 3.5 from increase of marketing cost
- MNOK -0.9 in HQ mainly due to less use of temporary hired personnel as well as lower IT costs
- MNOK -10.4 in Logistics operating costs mainly due to personnel costs now presented as employee expenses of MNOK -5.3, as well as reduced other operating expenses due to the inhouse logistic operations
- MNOK -5.6 related to change in IFRS 16 effects, reflecting the increase in rental cost in Logistics, HQ and stores due to index regulations, re-negotiated contracts and net new stores
- MNOK 5.0 due to changes in SEKNOK exchange rate



# Events after the end of reporting period and outlook

The Board will propose to the Annual General Meeting a dividend payment of NOK 3.50 payable in May 2024. Together with the prepayment of NOK 2.75 from November 2023 this represent 81% of the net profit - in line with our Financial Objectives.

The board of directors will also propose to the Annual General Meeting that the board is given the authority to distribute additional half-year dividend in November 2024 in accordance with the dividend policy and considering third quarter 2024 results.

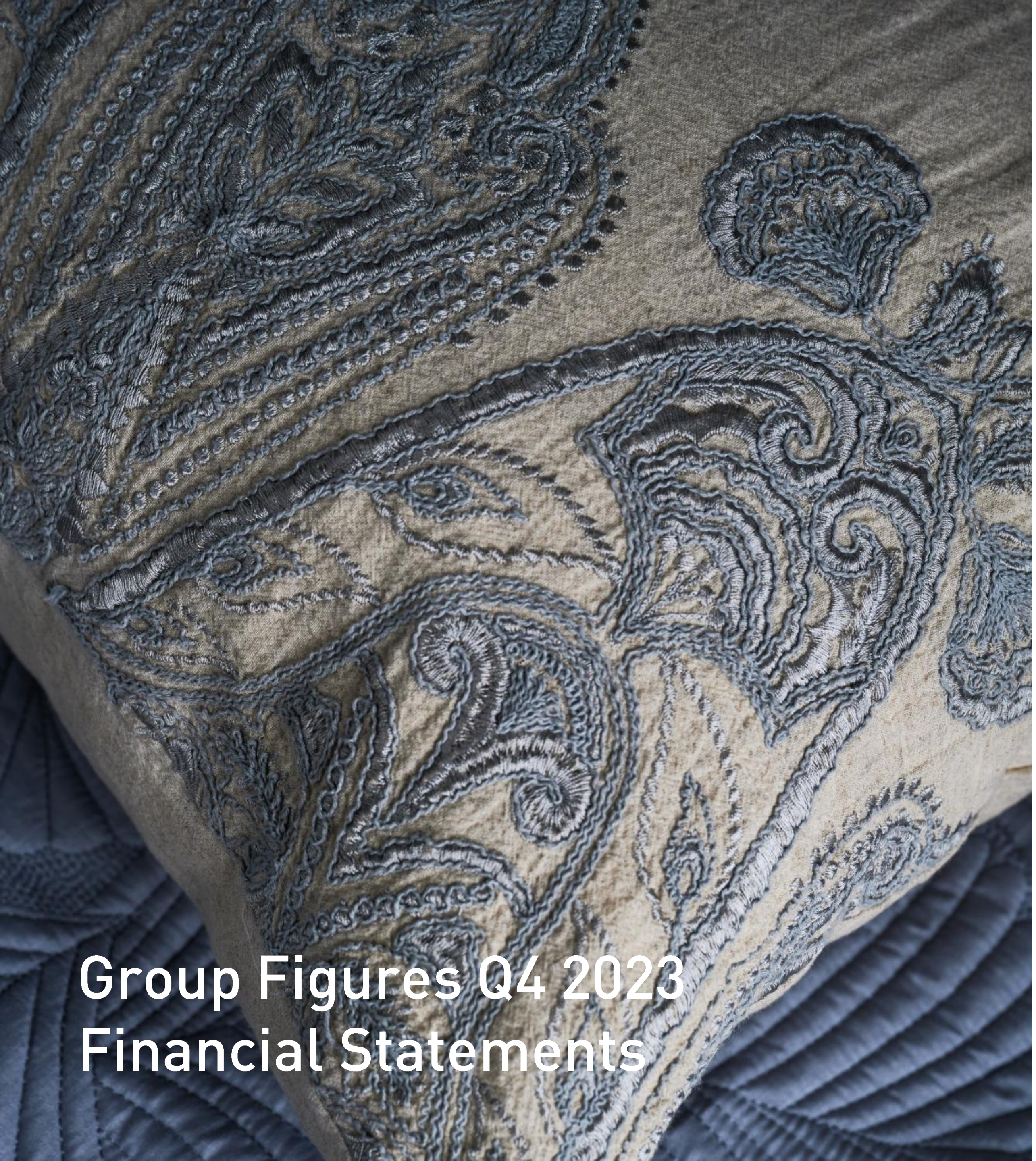
We remain optimistic of our market position and growth initiatives going forward. However, we expect continued high cost inflation in 2024.

The Group paid a total of MNOK 340 in 2023 related to fixed store- and warehouse rent. The rent is subject to an annual index regulation. Due to unusual high inflation in all our markets in 2023, the rent index regulation for 2024 will be in the range of 5-7%. There have been no other significant events after the end of the reporting period.

Lier, 14 February 2024
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*



# Group Figures Q4 2023 Financial Statements

## INTERIM CONSOLIDATED STATEMENT OF PROFIT AND LOSS

| (Amounts in NOK thousand) | Note | Q4 2023 Unaudited | Q4 2022 Unaudited | FY 2023 Unaudited | FY 2022 Audited |
|---|---|---|---|---|---|
| Revenue | | 1,253,169 | 1,108,573 | 3,413,595 | 3,177,991 |
| Other operating revenue | | 1,692 | 1,228 | 4,270 | 5,236 |
| **Total revenue** | | **1,254,861** | **1,109,801** | **3,417,866** | **3,183,227** |
| Cost of goods sold | | -459,106 | -478,132 | -1,314,280 | -1,331,613 |
| Employee benefits expense | | -220,040 | -176,390 | -704,722 | -629,892 |
| Depreciation and amortisation expenses | 9 | -105,711 | -87,408 | -404,136 | -348,296 |
| Other operating expenses | | -155,808 | -158,519 | -514,371 | -504,198 |
| **Total operating expenses** | | **-940,665** | **-900,450** | **-2,937,508** | **-2,813,999** |
| **Operating profit** | | **314,195** | **209,351** | **480,357** | **369,228** |
| Financial income | | 3,766 | 3,482 | 10,844 | 4,948 |
| Financial expense | | -21,721 | -16,261 | -87,473 | -52,476 |
| **Net financial income (+) / expense (-)** | | **-17,954** | **-12,779** | **-76,630** | **-47,528** |
| **Share of result from joint ventures** | | **388** | **1,618** | **-1,200** | **-2,787** |
| **Profit before tax** | | **296,630** | **198,190** | **402,528** | **318,913** |
| Income tax expense | | -63,251 | -39,157 | -88,701 | -69,668 |
| **Net profit (loss) for the period** | | **233,378** | **159,034** | **313,827** | **249,245** |
| **Interim condensed consolidated statement of comprehensive income** | | | | | |
| Profit for the period | | 233,378 | 159,034 | 313,827 | 249,245 |
| Other comprehensive income | | -53,812 | -56,076 | 62,695 | 154,152 |
| Tax on comprehensive income | | 15,747 | 10,884 | -8,335 | -35,877 |
| **Total comprehensive income for the period** | | **195,314** | **113,841** | **368,187** | **367,520** |
| Attributable to equity holders of the parent | | 195,314 | 113,841 | 368,187 | 367,520 |
| **Basic and diluted Earnings per share (EPS):** | | **5.74** | **3.91** | **7.72** | **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 | 31.12.2023 | 31.12.2022 |
|---|---|---|---|
| **Assets** | | Unaudited | Audited |
| Goodwill | 9 | 70,169 | 65,479 |
| Trademark | 9 | 1,513,851 | 1,510,224 |
| Other intangible assets | 9 | 46,699 | 35,326 |
| Deferred tax asset | | 6,593 | 1,859 |
| **Total intangible assets** | | **1,637,312** | **1,612,888** |
| Right of use asset | 9 | 1,050,028 | 760,734 |
| Fixtures and fittings, tools, office machinery and equipment | 9 | 303,178 | 237,245 |
| **Total tangible assets** | | **1,353,206** | **997,979** |
| Investments in associated companies and joint ventures | 10 | 1,013 | 0 |
| Loans to associated companies and joint ventures | 8 | 50,702 | 23,795 |
| **Total financial fixed assets** | | **51,716** | **23,795** |
| **Total fixed assets** | | **3,042,234** | **2,634,663** |
| Inventories | | 576,279 | 668,753 |
| Trade receivables | | 32,640 | 12,094 |
| Other receivables | | 43,031 | 35,241 |
| Derivatives | | 29,337 | 59,449 |
| **Totalt receivables** | | **105,009** | **106,784** |
| Cash and bank deposits | | 225,065 | 75,721 |
| **Total currents assets** | | **906,353** | **851,259** |
| **Total assets** | | **3,948,587** | **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 | 31.12.2023 | 31.12.2022 |
|---|---|---|---|
| **Equity and liabilities** | | Unaudited | Audited |
| Share capital | | 48,770 | 48,770 |
| Share premium | | 321,050 | 321,050 |
| Other paid-in-equity | | 64,617 | 64,617 |
| **Total paid-in-equity** | | **434,440** | **434,440** |
| Other equity | | 880,840 | 838,940 |
| **Total equity** | | **1,315,280** | **1,273,380** |
| Deferred tax | | 312,218 | 322,723 |
| **Total provisions** | | **312,218** | **322,723** |
| Lease liabilities | | 779,287 | 523,528 |
| Liabilities to financial institutions | 6 | 491,661 | 521,646 |
| **Total long-term liabilities** | | **1,270,947** | **1,045,175** |
| Lease liabilities | | 305,640 | 258,257 |
| Liabilities to financial institutions | 6 | 30,000 | 30,000 |
| Trade payable | | 203,375 | 122,459 |
| Tax payable | | 55,813 | 57,745 |
| Public duties payable | | 209,941 | 167,139 |
| Other short-term liabilities | | 191,626 | 201,815 |
| Derivatives | | 53,748 | 7,229 |
| **Total short-term liabilities** | | **1,050,144** | **844,644** |
| **Total liabilities** | | **2,633,310** | **2,212,542** |
| **Total equity and liabilities** | | **3,948,587** | **3,485,922** |

*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 | 249,246 | 249,246 |
| Other comprehensive income | 0 | 118,276 | 118,276 |
| Realized cash flow hedges | 0 | -92,623 | -92,623 |
| Dividend | 0 | -264,194 | -264,194 |
| **Balance at 31 Des 2022** | **434,440** | **838,940** | **1,273,380** |
| **Balance at 1 Jan 2023** | **434,440** | **838,940** | **1,273,380** |
| Profit for the period YTD 2023 | 0 | 313,827 | 313,827 |
| Other comprehensive income | 0 | 54,361 | 54,361 |
| Realized cash flow hedges | 0 | -92,575 | -92,575 |
| Dividend | 0 | -233,710 | -233,710 |
| **Balance at 31 Des 2023** | **434,440** | **880,842** | **1,315,282** |

*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 | Q4 2023 | Q4 2022 | FY 2023 | FY 2022 |
|---|---|---|---|---|---|
| | | Unaudited | Unaudited | Unaudited | Audited |
| **Cash Flow from operation** | | | | | |
| Profit before income taxes | | 296,630 | 198,191 | 402,528 | 318,914 |
| Taxes paid in the period | | -9,101 | -8,399 | -74,940 | -105,571 |
| Depreciation & Impairment | 9 | 105,711 | 87,408 | 404,136 | 348,296 |
| Effect of exchange fluctuations | | 4,180 | 3,197 | 10,192 | 1,341 |
| **Change in net working capital** | | | | | |
| Change in inventory | | 162,657 | 199,196 | 111,538 | -29,170 |
| Change in trade debtors | | -22,521 | 3,841 | -20,231 | 9,135 |
| Change in trade creditors | | 46,954 | 9,000 | 76,510 | -34,347 |
| Change in other provisions [1] | | 100,904 | 89,389 | 51,711 | 39,259 |
| **Net cash flow from operations** | | **685,414** | **581,822** | **961,444** | **547,857** |
| **Cash flow from investment** | | | | | |
| Purchase of fixed assets | 9 | -22,218 | -57,750 | -163,697 | -119,264 |
| Loans to associated companies and joint ventures | 8, 10 | -5,000 | 282 | -17,785 | -23,795 |
| **Net Cash flow from investments** | | **-27,218** | **-57,469** | **-181,481** | **-143,059** |
| **Cash flow from financing** | | | | | |
| Proceeds from long term loans | | 0 | 50,000 | 0 | 100,000 |
| Proceeds from revolving credit facility | | | | 160,000 | 130,000 |
| Repayment of revolving credit facility | | -160,000 | -130,000 | -160,000 | -195,118 |
| Repayment of Term Loans | | -20,000 | -20,000 | -30,000 | -30,000 |
| Overdraft facility | | -45,853 | -170,693 | 0 | 0 |
| Lease payments for principal portion of lease liability | | -72,982 | -64,565 | -296,250 | -263,350 |
| Dividend payment | | -111,774 | -101,613 | -233,710 | -264,194 |
| Net interest | | -19,912 | -12,601 | -79,743 | -46,436 |
| **Net cash flow from financing** | | **-430,522** | **-449,473** | **-639,703** | **-569,098** |
| Cash and cash equivalents at the beginning of the period | | 0 | 6,481 | 75,722 | 239,331 |
| Net change in cash and cash equivalents | | 227,674 | 74,881 | 140,260 | -164,299 |
| Exchange gains / (losses) on cash and cash equivalents | | -2,609 | -5,640 | 9,084 | 690 |
| **Cash and cash equivalents at the end of the period** | | **225,066** | **75,721** | **225,066** | **75,721** |

*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 resale of home and interior products in Norway, Sweden, Finland and Estonia. The Kid Group offers a full range of products comprising 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 fourth 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 do not 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.

**Q4 2023**

| (Amounts in NOK thousand) | KID Interior | Hemtex | Total |
|---|---|---|---|
| Revenue | 768,514 | 484,654 | 1,253,169 |
| COGS | -265,213 | -193,893 | -459,106 |
| Gross profit | 503,301 | 290,762 | 794,063 |
| Other operating revenue | 2 | 1,690 | 1,692 |
| Operating expense (OPEX) | -227,866 | -147,982 | -375,848 |
| EBITDA | 275,437 | 144,469 | 419,906 |
| Operating profit | 217,168 | 97,027 | 314,195 |
| | | | |
| Gross margin (%) | 65.5 % | 60.0 % | 63.4 % |
| OPEX to sales margin (%) | 29.7 % | 30.5 % | 30.0 % |
| EBITDA margin (%) | 35.8 % | 29.7 % | 33.5 % |
| | | | |
| Inventory | 377,550 | 198,729 | 576,279 |
| Total assets | 2,627,588 | 1,320,998 | 3,948,587 |

## NOTE 6 LOANS AND BORROWINGS

**Financing agreements**

During the quarter, a new term loan of MNOK 125 was signed related to the expansion of the warehouse in Sweden. At the balance sheet date, the Group has the following facilities:

| (Amounts in NOK thousand) | Utilised 31.12.2023 | Facility | Interest | Maturity | Repayment |
|---|---|---|---|---|---|
| Total term loan | 521,700 | 521,700 | | 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] | | |
| New term loan | | 125,000 | 3 months NIBOR + 1.69% | 01/05/2027 | Instalments[4] |
| Revolving credit facility | - | 230,000 | 3 months NIBOR + 1.31% | 27.04.2026 | At maturity |
| Overdraft | 0 | 247,000 | 1 week IBOR + 1.10% | 12 months | At maturity |
| | **521,700** | **1,123,700** | | | |

[1]MNOK 30 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]MNOK 25 in annual instalments with bi-annual payments

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

| | Q4 2023 | Q4 2022 | FY 2023 | FY 2022 |
|---|---|---|---|---|
| Weighted number of ordinary shares | 40,645,162 | 40,645,162 | 40,645,162 | 40,645,162 |
| Net profit or loss for the year | 233,378 | 159,034 | 313,827 | 249,245 |
| **Earnings per share (basic and diluted) - NOK per share** | **5.74** | **3.91** | **7.72** | **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 year-end balance that have been entered into with related parties during the fourth quarter of 2023 and 2022:

| Related Party | FY 2023 | FY 2022 |
|---|---|---|
| Prognosgatan Holding AS (Loan) | 50,702 | 23,795 |
| **Total** | **50,702** | **23,795** |

## 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 relates 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* | *27 424* | *6 604* | *3 627* | *2 492* | *4 690* |
| Additions, disposals and adjustmer | 573 430 | 143 676 | | 17 110 | |
| Depreciation and amortisation | -311 560 | -84 347 | | -8 229 | |
| **Balance 31.12.2023** | **1 050 028** | **303 178** | **1 513 851** | **46 699** | **70 169** |

| (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* | *-6 067* | *-3 867* | *-1 564* | *-775* | *-4 807* |
| Additions, disposals and adjustmer | 283 391 | 108 854 | | 20 871 | |
| Depreciation and amortisation | -273 530 | -70 900 | | -3 865 | |
| **Balance 31.12.2022** | **760 734** | **237 245** | **1 510 224** | **35 327** | **65 479** |

## NOTE 10 INVESTMENTS IN SUBSIDIARIES AND JOINT VENTURES

The Group had the following subsidiaries as of 31 December 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 as of 31 December 2023:

| Name | Place of business | Nature of relationship | Measurement method | Ownership share | Carrying amount |
|---|---|---|---|---|---|
| Prognosgatan Holding AS | Norway | Joint venture | Equity method | 50 % | 1 013 |

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 Q4-23 was MNOK 0.4 (MNOK 1.6). Furthermore MNOK 5.0 of the loan to JV was converted to equity. Per the reporting date, the carrying amount of the investment is MNOK 1.0 (MNOK -2.7 classified as other short-term liabilities).

# Definitions

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

**EBIT** (earnings before interest and 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.

**Gearing ratio** is defined as net interest-bearing debt divided by LTM EBITDA excluding IFRS 16 effects.

**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 (LFL) 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 ratio** is the sum of employee benefits expense and other operating expenses divided by revenue. The OPEX to sales ratio 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 and 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 ratio** is the sum of employee benefits expense and other operating expenses divided by revenue. The OPEX to sales ratio 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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