Kid ASA

Interim report Q2 2019

Dear Shareholders

During the second quarter Kid delivered positive growth across most product categories, building on the momentum from the previous quarter. On 14 May, Kid ASA acquired Hemtex AB and is now a Nordic home textile and interior chain. Going forward, the reporting structure will be Kid Group and two segments, Kid Interior and Hemtex. These are the key takeaways from the second quarter:

- Kid ASA announced its acquisition of Hemtex AB on 14 May and welcomes almost 900 new colleagues. The transaction was well received by both organisations, and the integration process has started on a positive note with dedication and commitment from both Hemtex and Kid management and employees. The key objective of the integration strategy is to drive top line growth in Hemtex through clearly defined operational initiatives. Early initiatives in 2019 include increased marketing, a changed campaign strategy, piloting a common store concept and increased in-store inventory levels. Our EBITDA targets for 2021 (MNOK 100) and 2023 (MNOK 150) remain unchanged.

- Our Omni channel approach continues to show satisfactory growth across all channels, and again we increase our market share in Norway. Kid Interior grew by 14.2% during the quarter, with like-for-like growth of 11.0% and online growth of 31.2% driven by increased footfall and higher customer conversion rates. Our dedicated staff have managed to further improve the customer perception and shopping experience, resulting in another strong quarter in terms of performance. Kid Interior increased EBITDA, excluding IFRS16 effects, to MNOK 32.5 (MNOK 20.1) in the second quarter.
- Increased sales in all categories, save for a small and expected decline in sales of summer outdoor products in 2019 compared to the unusually warm and sunny summer of 2018.
- Based on our customers' rating, we are pleased to see a quantum leap in Kid Interior's ranking in this year's Norsk Kundebarometer customer satisfaction survey. Being one of the top gainers across all industries, Kid now ranks 52 (102) out of 154 companies and is the undisputed number one within the home textile and interior segment. We work every day to improve customer service in our stores, and in Q2 we implemented an employee KPI for customer satisfaction. In the years to come, we expect this to be one of our most important KPIs.
- We continued our investments in store refurbishments during the quarter. In Q2, 7 stores were refurbished and two store were relocated. Refurbished stores continue to show stronger revenues, which underlines the importance of investing in our physical store portfolio.
- Social responsibility is an integrated and important part of Kid Interior's business conduct. In April 2019 we purchased climate quotas in order to compensate for our direct climate emissions. Kid ASA contribute to the Gold Standard project on energy efficient and pure burning ovens in Ghana, which results in social, health, economic and environmental benefits. Also, we now offer climate neutral deliveries from our online store.

The second half of the year is the most important sales period of the year for both Kid Interior and Hemtex. A dedicated task force with members from both organisations, collaborating across boarders, is focused on maintaining our positive sales momentum and streamlining operations into Q3 and Q4, while at the same time minimizing any negative impact on our running business in both Norway and Sweden. Additionally, we continue to prioritise the identified measures that will yield the highest results as we are planning operations and improvement projects going forward. Consequently, we are well prepared for the autumn and in a position where we are able to implement our planned activities in the months to come.

Yours sincerely,

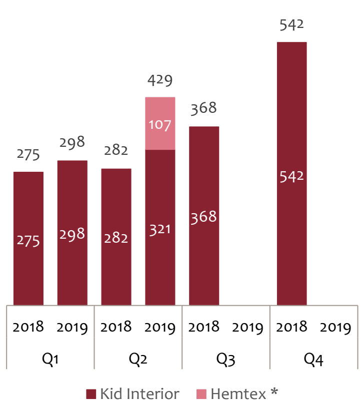
Anders Fjeld
CEO

Second quarter in brief

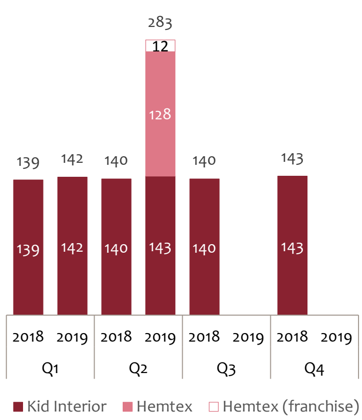
(Figures from the corresponding period - previous year in brackets)

- On 14 May 2019, Kid ASA entered into an agreement to acquire Hemtex AB from ICA Gruppen AB. The agreed share purchase price was MSEK 37.6, based on an Enterprise Value of MSEK 226. In connection with the transaction, Kid ASA secured a financing structure with Nordea for the new group.
- Following the acquisition of Hemtex AB, the Kid Group introduces a new segment structure with two operating segments. The Kid Interior segment ("Kid Interior") relates to the operations in Norway and the Hemtex segment ("Hemtex") relates to the operations in Sweden, Finland and Estonia.
- Revenues of MNOK 428.8 (MNOK 281.5) in Q2 2019, an increase of 52.3% (1.1%) compared to Q2 2018. For the first two quarters of 2019, revenues amounted to MNOK 726.8 (MNOK 556.4), up 30.6% (4.5%) from Q2 2018. Hemtex AB figures are included in the group accounts from 15 May 2019 and contributed MNOK 107.4 to the increase in revenue for the quarter.
- Gross margin was 62.6% (61.5%) in Q2 and 61.8% (60.0%) for the first two quarters. The inclusion of Hemtex AB from 15 May 2019 had an accretive effect on the gross margin for the quarter.
- Adjusted EBITDA in Q2 was MNOK 85.8 and MNOK 34.7 (MNOK 20.1) exclusive of IFRS 16 effects. For the first two quarters, adjusted EBITDA was MNOK 137.8 and MNOK 49.8 (MNOK 30.0) exclusive of IFRS 16 effects. Hemtex AB contributed MNOK 3.1 exclusive of IFRS 16 effects for the period 15 May until the end of the quarter.
- Adjusted EPS increased to NOK 3.96 (NOK 3.09) for the last twelve months.
- For Kid Interior, revenues were MNOK 321.4 (MNOK 281.5) in the second quarter, representing a revenue growth of 14.2% and like-for-like growth of 11.0%. Gross margin was 62.4% (61.5%) and EBITDA exclusive of IFRS 16 effects was MNOK 32.5 (MNOK 20.1).
- For Hemtex, revenues were MNOK 107.4 for the period 15 May 2019 until the end of the second quarter, representing a revenue growth of -1.8%** and like-for-like** growth of 3.2%. Gross margin was 64.2% and EBITDA exclusive of IFRS 16 effects was MNOK 3.1.

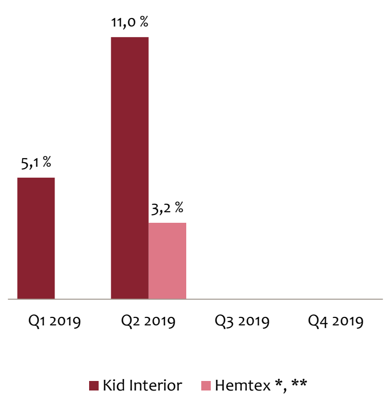
Revenue, MNOK



No. of physical stores (period end)



Like-for-like growth (%)



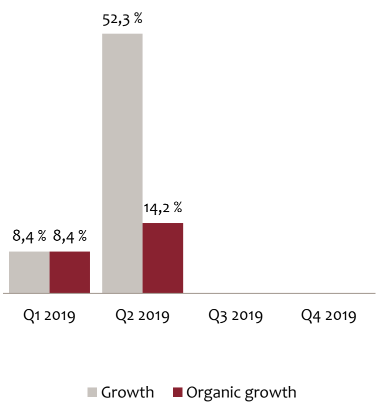
** For the period 15 May until quarter end*
*** Calculated in constant currency. See definition page 28*

Key figures for Kid Group

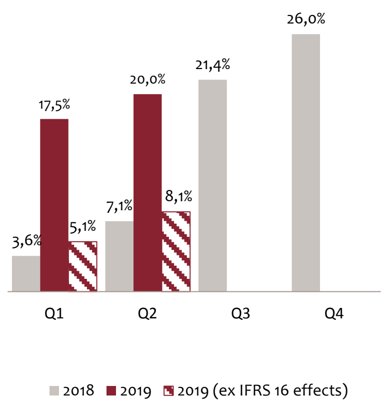
The group implemented IFRS 16 from 1 January 2019 by applying the modified retrospective approach.

(Amounts in NOK million)	*Q2 2019 IFRS 16	*Q2 2019 Excl. IFRS 16	Q2 2018 IAS 17	*H1 2019 IFRS 16	*H1 2019 Excl. IFRS 16	H1 2018 IAS 17	FY 2018 IAS 17
Revenue	**428,8**	**428,8**	**281,5**	**726,8**	**726,8**	**556,4**	**1 466,7**
Revenue growth	52,3 %	52,3 %	1,1 %	30,6 %	30,6 %	4,5 %	6,2 %
LFL growth including online sales (KID Interior)	11,0 %	11,0 %	-2,7 %	7,8 %	7,8 %	0,1 %	3,1 %
LFL growth including online sales (Hemtex) **	3,2%	3,2 %	-	3,2 %	3,2%	-	-
No. of physical stores, period end (excl. franchise)	271	271	140	271	271	140	143
COGS	-160,2	-160,2	-108,5	-278,0	-278,0	-222,8	-573,2
Gross profit	**268,6**	**268,6**	**173,0**	**448,8**	**448,8**	**333,6**	**893,5**
Gross margin (%)	62,6%	62,6%	61,5%	61,8%	61,8%	60,0%	60,9%
Adj. EBITDA * **	**85,8**	**34,7**	**20,1**	**137,8**	**49,8**	**30,0**	**250,2**
Adj. EBITDA margin (%)	20,0%	8,1%	7,1%	18,9%	6,8%	5,4%	17,1%
EBITDA	**76,4**	**25,3**	**20,1**	**128,5**	**40,4**	**30,0**	**250,2**
EBITDA margin (%)	17,8%	5,9%	7,1%	17,7%	5,6%	5,4%	17,1%
Adj. EBIT * **	**24,2**	**22,7**	**10,8**	**33,6**	**28,0**	**11,4**	**213,1**
Adj. EBIT margin (%)	5,6%	5,3%	3,8%	4,6%	3,8%	2,1%	14,5%
EBIT	**14,8**	**13,3**	**10,8**	**24,2**	**18,6**	**11,4**	**213,1**
EBIT margin (%)	3,5%	3,1%	3,8%	3,3%	2,6%	2,1%	14,5%
Adj. Net income ****	**10,6**	**15,1**	**5,2**	**10,1**	**17,0**	**3,4**	**154,1**
Adj. Earnings per share	0,26	0,37	0,13	0,25	0,42	0,08	3,79
Net income	**1,8**	**6,3**	**5,2**	**1,4**	**8,3**	**3,4**	**168,7**
Earnings per share	0,05	0,16	0,13	0,03	0,20	0,08	4,15
#shares at period end	40,6	40,6	40,6	40,6	40,6	40,6	40,6
Net interest bearing debt	**1 423,4**	**623,8**	**453,3**	**1 423,4**	**623,8**	**453,3**	**185,7**

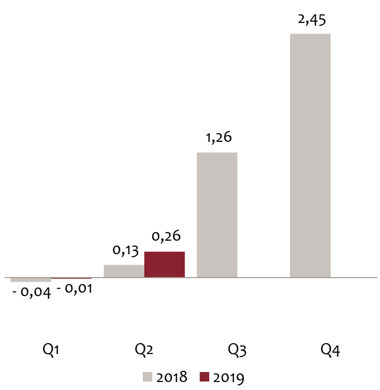
Revenue growth (%) *



Adj. EBITDA margin (%) *, ***



Adj. EPS, (NOK) *, ****



** Hemtex AB figures are included in the group accounts from 15 May 2019*
*** For the period 15 May until quarter end. Calculated in constant currency. See definition page 28*
**** Adjusted for transaction costs and integration costs in Q2 2019 and H1 2019. See page 6 for details on adjustments*
***** Adjusted for transaction costs, integration costs and tax in Q2 2019 and H1 2019. Adjusted for change in deferred tax caused by lower tax rate in 2018. See page 6 for details on adjustments*

Financial review for Kid Group

The figures reported in the Q2 report have not been subject to a review by the Group's auditor PwC, and the preparation has required management to make accounting judgements and estimates that impact the figures. Figures from the corresponding period the previous year are in brackets, unless otherwise specified. Figures for Hemtex AB are included in the group accounts from 15 May 2019.

Profit and loss

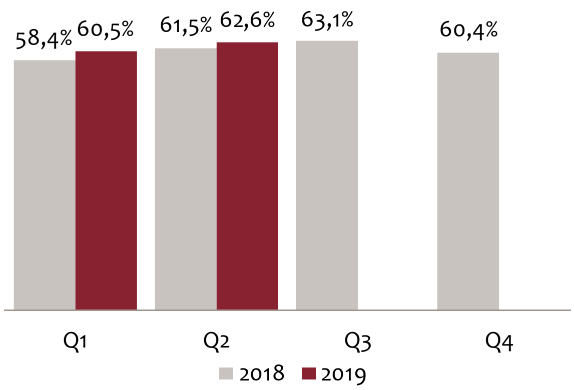
Revenue in the second quarter amounted to MNOK 428.8 (MNOK 281.5) in Q2 2019, an increase of 52.3% (1.1%) compared to the second quarter of 2018. For the first two quarters of 2019, revenue amounted to MNOK 726.8 (MNOK 556.4). The acquisition of Hemtex AB, for which numbers are included from 15 May 2019, contributed with MNOK 107.4, or 38.1 percentage points, to the revenue growth for the second quarter. The remaining MNOK 39.9, or 14.2 percentage points, of the revenue growth for the quarter can be attributed to MNOK 30.1 in like-for-like growth and MNOK 9.9 from net new stores within Kid Interior.

Q2 2019 vs Q2 2018 revenue bridge, MNOK

Gross margin was 62.6% (61.5%) for the second quarter, and 61.8% (60.0%) for the first two quarters.

Hemtex AB had a gross margin of 64.2% for the period 15 May 2019 until the end of the second quarter, which means the inclusion of Hemtex AB in the group accounts had a slightly accretive impact on the gross margin for the group in the quarter.

Gross margin:



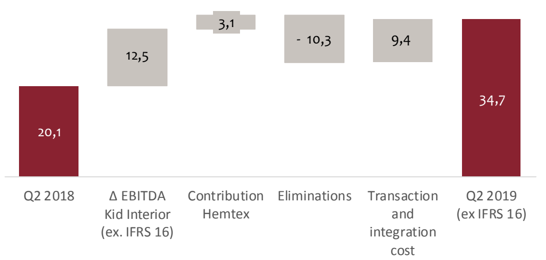
Operating expenses, including employee benefit expenses, were MNOK 193.0 in the second quarter. Operating expenses, excluding IFRS 16 effects, were MNOK 244.1 (MNOK 153.0), up 59.6% from Q2 2018.

The acquisition of Hemtex AB, for which numbers are included from 15 May 2019, contributed with MNOK 66.5, to the increase in operating expenses exclusive of IFRS 16 effects for the second quarter. Transaction and integration cost related to the acquisition of Hemtex AB amounted to MNOK 9.4 in the second quarter. There were no adjustments for extraordinary operating costs in 2018.

For the first two quarters of 2019, operating expenses including employee benefit expenses amounted to MNOK 321.3. Exclusive of IFRS 16 effects, the operating expenses for the two first quarters of 2019 were MNOK 409.4 (MNOK 303.6).

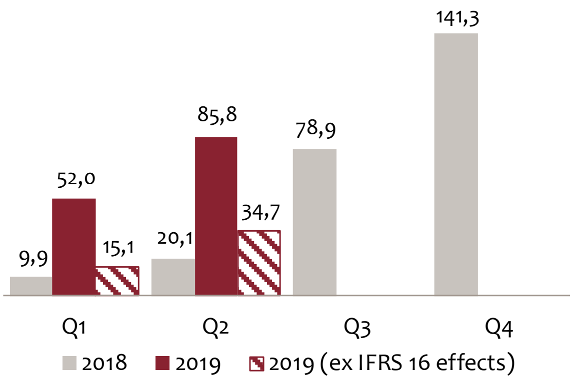
Adjusted EBITDA amounted to MNOK 85.8 in the second quarter. EBITDA is adjusted for MNOK 9.4 in transaction and integration costs. Excluding IFRS 16 effects, adjusted EBITDA was MNOK 34.7 (MNOK 20.1). This represents an adjusted EBITDA margin of 8.1% (7.1%). The adjusted EBITDA margin in the second quarter was negatively impacted by the inclusion of Hemtex AB from 15 May 2019.

Q2 2018 vs Q2 2019 adjusted EBITDA bridge, MNOK



For the first half of 2019, adjusted EBITDA was MNOK 137.8. Exclusive of IFRS 16 effects adjusted EBITDA was MNOK 49.8 (MNOK 30.0), driven by strong organic growth and the inclusion of Hemtex AB from 15 May 2019.

Adjusted EBITDA, MNOK



EBIT amounted to MNOK 14.8 in the second quarter. The EBIT for the second quarter was negatively affected by the inclusion of Hemtex AB from 15 May 2019 and increased depreciation due to last year's capex levels in Kid Interior. Excluding IFRS 16 effects, EBIT was MNOK 13.3 (MNOK 10.8). This represents an EBIT margin of 3.1% (3.8%) exclusive of IFRS 16 effects.

EBIT for the first two quarters amounted to MNOK 24.2. Exclusive of IFRS 16 effects, EBIT was MNOK 18.6 (MNOK 11.4). This represents an EBIT margin of 2.6% (2.1%).

Adjusted EBIT for Q2 2019 was MNOK 24.2. Exclusive of IFRS effects, adjusted EBIT was MNOK 22.7 (MNOK 10.8). EBIT is adjusted for MNOK 9.4 in transaction and integration costs. Adjusted EBIT for the first two quarters amounted to MNOK 33.6. Exclusive of IFRS 16 effects, EBIT was MNOK 28.0 (MNOK 11.4), representing a margin 5.0% (2.1%)

Net financial expenses amounted to MNOK 10.5 in the second quarter. Exclusive of IFRS 16 Effects, net financial expense was MNOK 3.2 (MNOK 4.0). For the first two quarters of 2019, net financial expenses were MNOK 20.5. Exclusive of IFRS 16 effects, net financial expenses amounted to MNOK 6.1 (MNOK 7.0) for the first two quarters of 2019.

Net income amounted to MNOK 1.8 in the second quarter and MNOK 6.3 (MNOK 5.2) exclusive of IFRS 16 effects. Net income for the first two quarters was MNOK 1.4 and MNOK 8.3 (MNOK 3.4) exclusive of IFRS 16 effects.

Adjusted net income amounted to MNOK 10.6 in the second quarter and MNOK 15.1 (MNOK 5.2) exclusive of IFRS 16 effects. Adjusted net income for the first two quarters was MNOK 10.1 and MNOK 17.0 (MNOK 3.4) exclusive IFRS 16 effects.

For Adjusted EBITDA, Adjusted EBIT and Adjusted Net income, a complete overview of adjustments is provided in the following table:

Adjustments overview (MNOK)	**Q2 2019**	**Q2 2018**	**H1 2019**	**H1 2018**	**FY 2018**
Transaction cost related to Hemtex acquisition*	8,0		8,0		
Intergration cost related to Hemtex acquisition	1,4		1,4		
EBITDA and EBIT adjustments	**9,4**		**9,4**		
Profit adjustments before tax	**9,4**		**9,4**		
Tax effects on adjustments (22%)	-0,6		-0,6		
Adj. for change in deferred tax caused by lower tax rate in 2018					-14,6
Net income adjustments	**8,8**		**8,8**		**-14,6**

** MNOK 6.7 of total MNOK 8.0 in transaction cost are not tax deductible*

Acquisition of Hemtex AB

The acquisition of Hemtex AB from ICA Gruppen AB was completed on 14 May 2019 and the company is reported as a separate segment as of 15 May 2019. The agreed share purchase price was MSEK 37.6, based on an Enterprise Value of MSEK 226. In connection with the transaction, Kid ASA secured a financing structure with Nordea for the new group.

Hemtex AB operates 140 (end of Q2 2019) home textile and interior stores across Sweden, Finland and Estonia. The Hemtex group had total sales of MSEK 1.013 in 2018, of which 89% in the Swedish market. Hemtex has a product offering and store concept similar to Kid, with 90% of the assortment being own brands. Hemtex is considered a strong retail concept with high brand awareness in the Swedish market, and operates a customer club consisting of 960.000 individual members.

Strategic rationale behind the transaction is to:

- Create a pan-Nordic home textile and interior chain based on private label assortment with total sales of BNOK 2.4, by combining the undisputable market leaders in Norway and Sweden
- Substantially increase profitability in Hemtex over the next years based on identified potential and operational excellence
- Maintain Kid and Hemtex as separate brands in existing geographical markets, utilizing the high brand awareness and strong brand associations, as well as best practise
- Transfer Kid's successful concept elements to Hemtex based on proven track record in Norway, aiming to secure revenue and profit growth through integration of assortment, introducing existing categories from Kid into the other markets, optimizing price, marketing and campaign strategy as well as expanding, relocating and refurbishing Hemtex stores.
- Transfer Hemtex categories and online capabilities into the Kid concept

The full potential of the Kid Group will be reached by a step-by-step approach where assortment, systems and the organisation will be fully integrated in 2022. Strong management teams in both companies, with market insight and attention to operations in their respective markets, will secure the success of the transition phase. The transition and integration phase will be supported by senior business development resources in Kid.

Financial and operational targets for Hemtex AB:

- EBITDA target of MNOK 100 in 2021 and MNOK 150 in 2023, driven by increased sales and synergies related to gross margin and OPEX
- 3-5 new store openings per year from 2020. Hemtex will close 13 unprofitable stores in during 2019 with an annual positive positive EBITDA effect of MNOK 1.7
- CAPEX estimate of MNOK 40 from 2020 related to concept implementation, relocation and expansion of stores, with an additional MNOK 1.8 per new store opening on average
- Increased inventory level of MNOK 50 in 2020 to support category implementation and increased sales

Historic figures ("As reported" by ICA Gruppen AB)

(Amounts in SEK millions)	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	*Q2 2019
Net sales	223	217	237	343	213	93
EBITDA	-15	-19	11	58	-15	-11

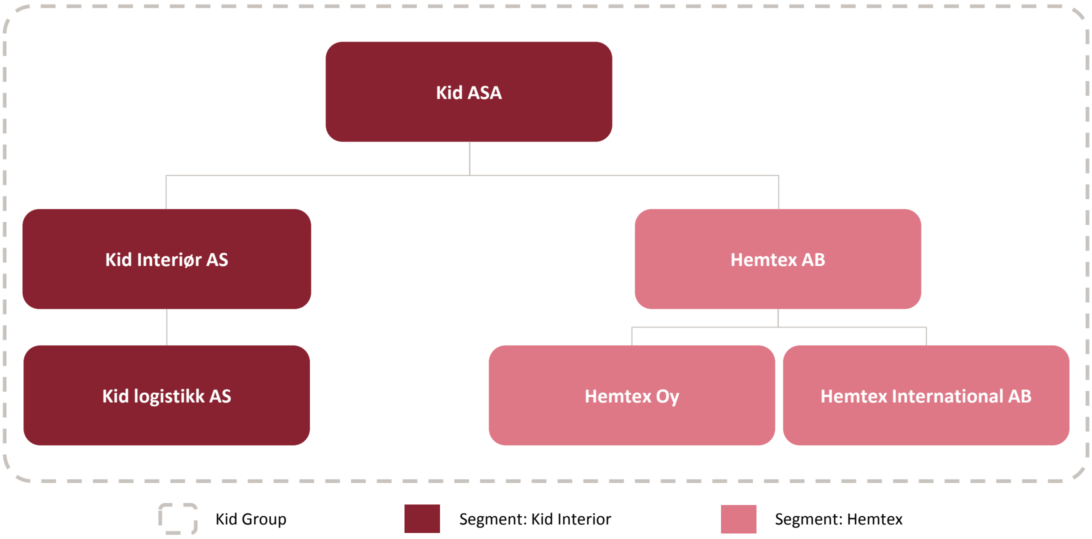
** For the period 1 April to 14 May 2019*

Disclaimer: The net sales and EBITDA figures above are "as reported" by ICA Gruppen AB and have not been subject to any alignment of accounting policies or audit by Kid ASA and as such are not directly comparable to numbers reported for Hemtex AB as of 15 May 2019 by Kid ASA.

Kid Group - Legal structure

Kid ASA is the holding company of the Kid Group and does not carry out any operational activity. Kid ASA is the sole shareholder of Kid Interiør AS, which is the sole shareholder of Kid Logistikk AS. Following the acquisition of Hemtex AB, Kid ASA is also the sole shareholder of Hemtex AB, including its subsidiaries Hemtex Oy and Hemtex International AB.

Kid Group – Legal structure:



Following the acquisition of Hemtex AB, the Kid Group introduces a new segment structure with two operating segments. The Kid Interior segment ("Kid Interior") relates to the operations in Norway and the Hemtex segment ("Hemtex") relates to the operations in Sweden, Estonia and Finland.

The Kid Group sells home textiles in 143 stores in Norway, 123 stores in Sweden, 12 stores in Finland and 5 stores in Estonia. All stores are fully owned, save for 12 franchise stores in Sweden.

The following table sets out information about Kid ASA's subsidiaries

Company	Incorporation	Field of activity	Holding
Kid Interiør AS	Norway	Operating company (manage the business)	100 %
Kid Logistikk AS	Norway	Operating company (operation of warehouse, logistics, distribution)	100 % (indirectly)
Hemtex AB	Sweden	Operating company (manage the business)	100 %
Hemtex Oy	Finland	Operating company (manage the business)	100 % (indirectly)
Hemtex International AB	Sweden	(Non-operating company)	100 % (indirectly)

Segments: Key figures

The group implemented IFRS 16 from 1 January 2019 by applying the modified retrospective approach. Hemtex AB figures are included in the group accounts from 15 May 2019 and correspondingly in the segmental reporting.

KID Interior

(Amounts in NOK millions)	Q2 2019	Q2 2019 excl. IFRS 16	Q2 2018	H1 2019	H1 2019 excl. IFRS 16	H1 2018	FY 2018
Revenue	**321,4**	**321,4**	**281,5**	**619,4**	**619,4**	**556,4**	**1 466,7**
Revenue growth	14,2 %	14,2 %	1,1 %	11,3 %	11,3 %	4,5 %	6,2 %
LFL growth including online sales	11,0 %	11,0 %	-2,7%	7,8 %	7,8 %	0,1 %	3,1 %
COGS	120,8	120,8	108,5	238,5	238,5	222,8	573,2
Gross profit	200,6	200,6	173,0	380,9	380,9	333,6	893,5
Gross margin (%)	62,4 %	62,4 %	61,5 %	61,5 %	61,5 %	60,0 %	60,9 %
Other operating revenue	0,1	0,1	0,0	0,2	0,2	0,0	0,3
Employee benefits expense	79,3	79,3	71,3	162,0	162,0	146,4	310,9
Other operating expense	52,1	88,9	81,6	97,6	171,5	157,2	332,7
EBITDA	69,4	32,5	20,1	121,4	47,6	30,0	250,2
EBITDA margin (%)	21,6 %	10,1 %	7,1 %	19,6 %	7,7 %	5,4 %	17,1 %
EBIT	26,7	23,0	10,8	36,1	28,3	11,4	213,1
EBIT margin (%)	8,3 %	7,1 %	3,8 %	5,8 %	4,6 %	2,1 %	14,5 %
No. of shopping days	71	71	73	147	147	148	303
No. of physical stores at period end	143	143	140	143	143	140	143

Hemtex

(Amounts in NOK millions)	*Q2 2019	*Q2 2019 excl. IFRS 16	Q2 2018	*H1 2019	*H1 2019 excl. IFRS 16	H1 2018	FY 2018
Revenue	**107,4**	**107,4**	-	**107,4**	**107,4**	**-**	-
Revenue growth **	-1,8%	-1,8%	-	-1,8%	-1,8%	-	-
LFL growth including online sales **	3,2 %	3,2 %	-	3,2 %	3,2 %	-	-
COGS	38,5	38,5	-	38,5	38,5	-	-
Gross profit	68,9	68,9		68,9	68,9	-	
Gross margin (%)	64,2 %	64,2 %	-	64,2 %	64,2 %	-	-
Other operating revenue	0,8	0,8	-	0,8	0,8	-	-
Employee benefits expense	29,4	29,4	-	29,4	29,4	-	-
Other operating expense	22,8	37,1	-	22,8	37,1	-	-
EBITDA	17,4	3,1	-	17,4	3,1	-	-
EBITDA margin (%)	16,1 %	2,9 %	-	16,1 %	2,9 %	-	-
EBIT	-1,5	0,7	-	-1,5	0,7	-	-
EBIT margin (%)	-1,4%	0,6 %	-	-1,4%	0,6 %	-	-
No. of shopping days	47	47	-	47	47	-	-
No. of physical stores at period end (excl. franchise)	128	128	-	128	128	-	-

** Hemtex AB figures are included in the group accounts from 15 May 2019*

*** For the period 15 May 2019 until quarter end. Calculated in constant currency. See definition page 28*

Segment: Kid Interior

Revenue in the second quarter of 2019 amounted to MNOK 321.4 (MNOK 281.5), an increase of 14.2% (1.1%) compared to the second quarter of 2018. The number of ordinary shopping days in the second quarter was 71, compared to 73 days last year due to the timing of Easter. For the first two quarters of 2019, revenue increased by 11.3% (4.5%). The number of ordinary shopping days for the first two quarters was 147 (148).

The index for sale of home textiles in Q2 2019 in specialised stores in Norway increased by 6.7% compared to an increase of +14.2% for Kid, according to Statistics Norway. The latest accurate market statistic based on tax returns data show a market growth of 0.9% for the twelve months ending 28.02.2019. For the same period, Kid increased revenues by 6.3% and the market share to 35.7% (33.8%).

Online sales increased by 31.2% (72.3%) in the second quarter of 2019 driven by well-executed campaigns on key categories. For the last twelve months, online revenues were MNOK 74.7 (MNOK 53.1) as of June 2019, up 40.7% from last year.

During the second quarter of 2019 the stores at Grimstad and Kristiandsund were relocated, and the stores at Stortorvet (Kongsberg), Kvadrat (Sandnes), Tiller (Trondheim), Vinterbro (Akershus), Torvbyen (Fredrikstad), Farmandstredet (Tønsberg) and Rykkin (Akershus) were refurbished. The total number of physical stores at the end of the quarter was 143 (140).

Gross margin was 62.4% (61.5%) for the second quarter and 61.5% (60.0%) for the two first quarters. The gross margin improved compared to last year due to increased prices and improved purchasing prices, partly offset by slightly higher rebate levels in the quarter.

Operating expenses, including employee benefit expenses, were MNOK 131.4 in the second quarter. Operating expenses, excluding IFRS 16 effects, were MNOK 168.2 (MNOK 153.0). For the first two quarters of 2019, operating expenses including employee benefit expenses, excluding IFRS 16 effects, amounted to MNOK 333.5 (MNOK 303.6). Transaction and integration costs are not included in the Kid Interior segment.

Employee expenses increased by 11.2% to MNOK 79.3 (MNOK 71.3) in the second quarter:

- 1.7 percentage due to net new stores
- 3.2 percentage points due to general salary inflation and increased staffing level in stores driven by increased sales
- 5.7 percentage points due to increased provision for store, HQ and management bonuses
- 0.6 percentage point due to increased numbers of hours worked in our online store.

Other operating expenses, excluding IFRS 16, increased by 8.9% in the quarter to MNOK 88.9 (MNOK 81.6)

- 1.6 percentage points related to retail space rental costs for net new stores
- 2.3 percentage points related to other stores and HQ rental cost driven by inflation and relocation of stores
- 1.6 percentage points related to increase in marketing costs
- 3.4 percentage points related to other opex

EBITDA amounted to MNOK 69.4 in the second quarter. Excluding IFRS 16 effects, EBITDA was MNOK 32.5 (MNOK 20.1). This represents and EBITDA margin of 10.1% (7.1%).

EBITDA for the two first quarters of 2019, excluding IFRS 16 effects, was MNOK 47.6 (MNOK 30.0), an increase of 58.7% driven by revenue growth and increase in gross margin, partly offset by increased OPEX.

Q2 2019 vs Q2 2018 EBITDA bridge, MNOK

EBIT amounted to MNOK 26.7. Excluding IFRS 16 effects, EBIT was MNOK 23.0 (MNOK 10.8). This represents an EBIT margin of 7.1% (3.8%). EBIT was affected by increased depreciation due to last year's capex levels.

EBIT for the two first quarters was MNOK 36.1 Excluding IFRS 16 effects, EBIT amounted to MNOK 28.3 (MNOK 11.4), corresponding to an EBIT margin of 4.6% (2.1%).

Segment: Hemtex

Revenue for the period 15 May 2019 until the end of the second quarter amounted to MNOK 107.4. The number of ordinary shopping days during the period was 47, compared to 47 days last year. Out of Hemtex's 140 stores (including franchise), 108 are open on Sundays. Only during Easter Sunday, Christmas day, and New Year´s day all Hemtex stores are closed.

During the second quarter, improving the customer offering has been in focus. The assortment development has continued, and ARC of Scandinavia has been relaunched which has been well received by customers. The marketing activities were further strengthened with better accuracy and clearer messages and campaigns. The customer experience in our physical stores improved, based on further investments in refurbishments and relocations, as well as increased in-store inventory.

The index for sale of home textiles in Q2 2019 in specialised stores in Sweden increased by 5%.

Online sales amounted to MNOK 7.9 for the period 15 May 2019 until the end of the second quarter. The online sales growth is still strong, driven by better campaigns and better functionality on site, partly offset by lower summer sales volumes.

During the period from 15 May 2019 until the end of the quarter the stores in Nyköping (Sweden) and Ülemiste (Estonia) were refurbished and the store in Strömstad (Sweden) was closed. The number of own physical stores at the end of the quarter was 128 (134) and franchise stores 12 (14), which means the total number of physical stores at the end of the quarter was 140 (148).

Gross margin was 64.2 % for the period 15 May 2019 until the end of the second quarter. The gross margin was in line with expectations, and was positively impacted by decreased purchasing prices, favourable USD hedges and a reduction of rebate levels.

Operating expenses, including employee benefit expenses, were MNOK 52.3 for the period 15 May 2019 until the end of the second quarter. Operating expenses, excluding IFRS 16 effects, were MNOK 66.5.

Employee expenses for the period 15 May 2019 until the end of the second quarter amounted to MNOK 29.4. Employee expenses is the single largest cost item and constituted approximately 27.4 % of the revenue.

Other operating expenses for the period 15 May until the end of the second quarter amounted to MNOK 22.8 exclusive of IFRS 16 effects, corresponding to 21.3 % of revenue.

Several initiatives have been implemented to reduce employee expenses, including reduced working hours in stores as well as at headquarter.

EBITDA amounted to MNOK 17.4 for the period 15 May 2019 until the end of the second quarter. Excluding IFRS 16 effects, EBITDA was MNOK 3.1. This represents an EBITDA margin of 2.9%.

Events after the end of the reporting period

As required by section 3.5 of the Continuing Obligations of Oslo stock exchange listed companies, an information memorandum related to the acquisition of Hemtex AB was published on 16 July 2019.

The information memorandum is available on Kid's web page, www.investor.kid.no and at the Company's office at Gilhusveien 1, 3426 Gillaug, Lier, Norway.

In August USD have become significantly stronger compared to NOK and SEK. Kid will increase pricing going forward to offset strong USD, which will challenge sales volumes in 2020.

There is an ongoing disagreement with the third party logistics provider in Sweden. There is an ongoing dialog between the companies to resolve the issues at hand.

There have been no other significant events after the end of the reporting period.

Lier, 29th August 2019

The board of Kid ASA

Petter Schouw-Hansen

Karin Bing Orgland

Egil Stenshagen

Vilde Falck-Ytter

Rune Marsdal

Kid ASA Q2 2019

Financial statements

Interim condensed consolidated statement of profit and loss

(Amounts in NOK thousand)	Note	*Q2 2019 Unaudited	Q2 2018 Unaudited	*H1 2019 Unaudited	H1 2018 Unaudited	FY 2018 Audited
Revenue		428 792	281 517	726 800	556 410	1 466 729
Other operating revenue		884	28	924	44	336
Total revenue		**429 676**	**281 545**	**727 724**	**556 454**	**1 467 064**
Cost of goods sold		160 225	108 522	277 964	222 842	573 230
Employee benefits expense		108 749	71 340	191 434	146 370	310 898
Depreciation and amortisation expenses	10	61 576	9 304	104 253	18 561	37 123
Other operating expenses		84 281	81 622	129 857	157 236	332 703
Total operating expenses		**414 831**	**270 789**	**703 507**	**545 009**	**1 253 954**
Operating profit		14 845	10 757	24 217	11 446	213 110
Other interest income		788	83	1 363	268	1 337
Other financial expense	12	11 283	4 058	21 826	7 232	14 115
Net financial income (+) / expense (-)		**-10 496**	**-3 975**	**-20 463**	**-6 964**	**-12 778**
Profit before tax		4 350	6 782	3 754	4 482	200 332
Income tax expense		2 520	1 571	2 389	1 039	31 609
Net profit (loss) for the period		**1 830**	**5 210**	**1 365**	**3 443**	**168 723**
Interim condensed consolidated statement of comprehensive income						
Profit for the period		1 830	5 210	1 365	3 443	168 723
Other comprehensive income		-5 717	9 696	-4 689	3 593	19 427
Tax on comprehensive income		1 316	-2 230	1 090	-826	-4 284
Total comprehensive income for the period		**-2 570**	**12 676**	**-2 234**	**6 210**	**183 866**
Attributable to equity holders of the parent		-2 570	12 676	-2 234	6 210	183 866
Basic and diluted Earnings per share (EPS):		**0,05**	**0,13**	**0,03**	**0,08**	**4,15**

The accompanying notes are an integral part of the Condensed Consolidated Interim Financial Statements

* The group implemented IFRS 16 from 1 January 2019 by applying the modified retrospective approach. Hemtex AB figures are included in the group accounts from 15 May 2019.

Interim condensed consolidated statement of financial position

(Amounts in NOK thousand)	Note	*30.06.2019	30.06.2018	31.12.2018
Assets		Unaudited	Unaudited	Audited
Goodwill	10	63 614	0	0
Trademark	10	1 508 667	1 461 642	1 462 889
Other intangible assets	10	2 856	7 477	6 532
Deferred tax asset		19 626	0	0
Total intangible assets		**1 594 761**	**1 469 119**	**1 469 421**
Right of use asset	10,12	840 745	0	0
Fixtures and fittings, tools, office machinery and equipment	10	140 983	92 992	91 530
Total tangible assets		**981 728**	**92 992**	**91 530**
Total fixed assets		**2 576 489**	**1 562 111**	**1 560 951**
Inventories		449 436	300 080	253 157
Trade receivables	7	7 466	3 316	2 962
Other receivables	7	34 421	20 917	24 823
Derivatives	7	-6 929	11 457	8 949
Totalt receivables		**34 958**	**35 690**	**36 733**
Cash and bank deposits	11	151 566	75 351	242 152
Total currents assets		**635 960**	**411 121**	**532 042**
Total assets		**3 212 449**	**1 973 232**	**2 092 993**

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

* The group implemented IFRS 16 from 1 January 2019 by applying the modified retrospective approach. Hemtex AB figures are included in the group accounts from 15 May 2019.

Interim condensed consolidated statement of financial position

(Amounts in NOK thousand)	Note	*30.06.2019	30.06.2018	31.12.2018
Equity and liabilities		Unaudited	Unaudited	Audited
Share capital		48 774	48 774	48 774
Share premium		321 049	321 049	321 049
Other paid-in-equity		64 617	64 617	64 617
Total paid-in-equity		**434 440**	**434 440**	**434 440**
Other equity		566 195	540 974	656 247
Total equity		**1 000 635**	**975 414**	**1 090 687**
Deferred tax		330 001	336 464	321 352
Total provisions		**330 001**	**336 464**	**321 352**
Lease liabilities	10,12	591 129	-	-
Liabilities to financial institutions	7	494 344	428 663	427 873
Total long-term liabilities		**1 085 473**	**428 663**	**427 873**
Lease liabilities	10,12	210 512	-	-
Liabilities to financial institutions	7	278 994	100 000	-
Trade payable	7	100 610	35 232	37 666
Tax payable		11 249	2 238	46 216
Public duties payable	7	71 462	52 904	111 812
Other short-term liabilities	7	123 513	42 316	57 388
Total short-term liabilities		**796 340**	**232 690**	**253 081**
Total liabilities		**2 211 814**	**997 818**	**1 002 306**
Total equity and liabilities		**3 212 449**	**1 973 232**	**2 092 993**

* The group implemented IFRS 16 from 1 January 2019 by applying the modified retrospective approach. Hemtex AB figures are included in the group accounts from 15 May 2019.

Interim condensed consolidated statement of changes in equity

(Amounts in NOK thousand)	Total paid-in equity Unaudited	Other equity Unaudited	Total equity Unaudited
Balance at 1 Jan 2018	434 440	584 077	1 018 516
Profit for the period YTD 2018	0	3 443	3 443
Other comprehensive income	0	2 767	2 767
Cash flow hedges	0	3 526	3 526
Dividend	0	-52 839	-52 839
Balance at 30 Jun 2018	**434 440**	**540 974**	**975 414**
Balance at 1 Jan 2019*	434 440	656 247	1 090 687
Profit for the period YTD 2019	0	1 365	1 365
Other comprehensive income	0	-3 599	-3 599
Cash flow hedges	0	-6 157	-6 157
Dividend	0	-81 661	-81 661
Balance at 30 Jun 2019*	**434 440**	**566 195**	**1 000 634**

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

* The group implemented IFRS 16 from 1 January 2019 by applying the modified retrospective approach. Hemtex AB figures are included in the group accounts from 15 May 2019.

Interim condensed consolidated statement of cash flows

(Amounts in NOK thousand)	Note	*Q2 2019 Unaudited	Q2 2018 Unaudited	*H1 2019 Unaudited	H1 2018 Unaudited	FY 2018 Audited
Cash Flow from operation						
Profit before income taxes		4 350	6 782	3 754	4 482	200 332
Taxes paid in the period		-3 486	-19 607	-42 217	-39 215	-40 415
Depreciation & Impairment	10	61 754	9 304	104 431	18 561	37 123
Items classified as investments or financing		5 103	4 448	15 544	7 909	14 669
Change in net working capital						
Change in inventory		-28 389	6 256	-58 571	1 917	48 839
Change in trade debtors		813	-208	2	184	538
Change in trade creditors		10 564	-3 809	21 124	-9 929	-7 495
Change in other provisions**		-20 157	-15 745	-60 162	-58 432	11 625
Net cash flow from operaions		**30 552**	**-12 579**	**-16 096**	**-74 523**	**265 216**
Cash flow from investment						
Purchase of Hemtex AB, net of cash acquired		5 230	0	5 230	0	0
Purchase of fixed assets	10	-19 411	-13 887	-32 082	-18 946	-37 293
Net Cash flow from investments		**-14 181**	**-13 887**	**-26 852**	**-18 946**	**-37 293**
Cash flow from financing						
Proceeds from long term loans		674 375	0	674 375	0	0
Repayment of long term loans		-627 379	-387	-627 775	-770	-1 560
Repayment of short term loans		0	100 000	0	100 000	0
Lease payments for principal portion of lease liability	12	-54 915	0	-84 790	0	0
Net change in bank overdrafts		0	0	0	0	0
Dividend payment		-81 661	-52 839	-81 661	-52 839	-101 613
Proceeds from issuance of equity		0	0	0	0	0
Net interest	12	-7 509	-3 448	-17 704	-6 478	-12 640
Net cash flow from financing		**-97 089**	**43 326**	**-137 556**	**39 914**	**-115 813**
Cash and cash equivalents at the beginning of the period	11	141 932	57 296	242 152	130 071	130 071
Net change in cash and cash equivalents		-80 718	16 860	-180 503	-53 555	112 110
Exchange gains / (losses) on cash and cash equivalents		-217	1 195	-652	-1 165	-29
Cash and cash equivalents at the end of the period		**60 997**	**75 351**	**60 997**	**75 351**	**242 152**

The accompanying notes are an integral part of the Condensed Consolidated Interim Financial Statements

* The group implemented IFRS 16 from 1 January 2019 by applying the modified retrospective approach. Hemtex AB figures are included in the group accounts from 15 May 2019.

** Change in other provisions includes other receivables, public duties payable and short-term liabilities

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.

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 condensed interim financial statements for the six months ended 30 June 2019 have been prepared in accordance with IAS 34, 'Interim financial reporting'. The condensed interim financial statements should be read in conjunction with the consolidated financial statements for the year ended 31 December 2018, 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 condensed consolidated interim financial statements are consistent with those applied in the preparation of the annual IFRS financial statements for the year ended 31 December 2018.

Other than the implementation of IFRS 16 as per 1 January 2019, amendments to IFRSs effective for the financial year ending 31 December 2019 are not expected to have a material impact on the group.

Segment reporting

After the acquisition of Hemtex AB and it's subsidiaries on 15 May 2019, the Group reports operating segments in accordance with how the corporate management (the chief operating decision maker) makes, follows up and evaluates its decisions. The operating segments have been identified on the basis of internal management information that is periodically reviewed by the management and used as a basis for resource allocation and key performance review.

Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Transaction costs are expensed as incurred.

Leases

The group has implemented IFRS 16 from 1 January 2019 by applying the modified retrospective approach. At the date of initial application of the new leases standard, lessees recognise the cumulative effect of initial application as an adjustment to the opening balance of equity as of 1 January 2019. Please see the 2018 annual report for further information about the implementation principles and the expected effects on the financial statements.

Note 4 Estimates, judgments 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 condensed interim financial statements the significant judgements made by management inn 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 2018.

Note 5 Business combinations

On 15 May 2019, the Group acquired 100% of the shares and voting interests in Hemtex AB. The purchase consideration was settled in cash.

Identifiable assets acquired and liabilities assumed

The following table summarises the recognised amounts of assets and liabilities assumed at the date of acquisition.

(Amounts in NOK thousand)	
Store lease rights	7 865
Property,plant and equipment	38 467
Trade mark	49 300
Deferred tax assets	17 377
Other long term receivables	8 336
Inventories	137 707
Trade receivables	802
Cash and cash equivalents	39 854
Othershort term receivables	27 020
Loans and borrowings *	-201 270
Deferred tax liabilities	-12 772
Pension laibilities	-10 437
Trade and other payables	-131 371
Total identifiable net assets asquired	**-29 122**
Goodwill at the date of acquistion	63 746
Total Settelment	**34 624**

* In the quarter, Kid used parts of the proceeds from the Nordea debt facility (see note 7) to finance the acquisitions of the debt owned by the Hemtex group to ICA Gruppen AB at the date of the transaction.

The cost price allocation is based on a preliminary assessments and could be subjects to change within 12 months.

Acquisition related costs

The group incurred acquisition-related costs of NOK 7,950 thousand in legal fees and due diligence cost, of which NOK 1,300 thousand is tax deductible. These costs have been included in other operating expenses in profit or loss and in operating cash flows in the statement of cash flows.

Revenue and profit contribution

The acquired Hemtex business contributed revenues of NOK 107,366 thousand and net loss of NOK 2,418 thousand to the group for the period from 15. May to 30. June 2019. If the acquisition had occurred on 1 January 2019, consolidated pro-forma revenue and loss for the six-months period ended 30. June 2019 would have been NOK 397,013 thousand and NOK 312 thousand respectively.

These amounts have been calculated using the subsidiaries' results and adjusting them for differences in the accounting policies between the group and the subsidiary.

Note 6 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 immaterial business in Estland and Finland.

Kid Group sells home textiles in 143 fully owned stores across Norway and 140 stores across EU, of which 123 were in Sweden, 12 in Finland and 5 in Estonia. Of the stores in EU, 128 are owned by Hemtex and 12 are franchises.

The Group also sells home textiles through the Group's online website. Over 98% of the products are sold under own brands.

Group adjustments include transaction and integration costs.

Q2 2019

(Amounts in NOK thousand)	KID Interior	Hemtex	Eliminations and group adjustments	Total
Revenue	321 425	107 366	-	428 792
COGS	120 789	38 457	979	160 225
Gross profit	200 636	68 909	-979	268 567
Other operating revenue	113	771		884
Operating expense (OPEX)	131 385	52 275	9 369	193 030
EBITDA	69 364	17 405	-10 348	76 421
EBITDA ex. IFRS 16	32 535	3 146	-10 348	25 333
Operating profit	26 694	-1 500	-10 348	14 845
Operating profit ex. IFRS 16	22 974	656	-10 348	13 281
Gross margin (%)	62,4 %	64,2 %	-	62,6 %
OPEX to sales margin (%)	40,9 %	48,7 %	-	45,0 %
EBITDA margin (%)	21,6 %	16,1 %	-	17,8 %
Inventory	305 968	139 020	4 448	449 436
Total assets	2 624 963	582 828	4 658	3 212 449

1H 2019

(Amounts in NOK thousand)	KID Interior	Hemtex	Eliminations and group adjustments	Total
Revenue	619 434	107 366	-	726 800
COGS	238 528	38 457	979	277 964
Gross profit	380 906	68 909	-979	448 837
Other operating revenue	153	771		924
Operating expense (OPEX)	259 646	52 275	9 369	321 291
EBITDA	121 413	17 405	-10 348	128 470
EBITDA ex. IFRS 16	47 596	3 146	-10 348	40 394
Operating profit	36 066	-1 500	-10 348	24 217
Operating profit ex. IFRS 16	28 331	656	-10 348	18 638
Gross margin (%)	61,5 %	64,2 %	-	61,8 %
OPEX to sales margin (%)	41,9 %	48,7 %	-	44,2 %
EBITDA margin (%)	19,6 %	16,1 %	-	17,7 %
Inventory	305 968	139 020	4 448	449 436
Total assets	2 624 963	582 828	4 658	3 212 449

Note 7 Financial instruments

The group's activities expose it to a variety of financial risks; market risk, credit risk and liquidity risk. The condensed interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the group's annual financial statements as at 31 December 2018. There have been no changes in any risk management policies since the year end.

Set out below is a comparison of the carrying amounts and fair values of financial assets and liabilities as at 30 June 2019 and 30 June 2018.

(Amounts in NOK thousand)	30 June 2019		30 June 2018	
Financial assets	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Loans and receivables				
Trade and other receivables excluding pre-payments	7 394	7 394	3 341	3 341
Cash and cash equivalents	151 566	151 566	75 351	75 351
Total	**158 960**	**158 960**	**78 692**	**78 692**
Financial liabilities				
Borrowings (excluding finance lease liabilities)	773 337	772 681	525 000	525 000
Lease liabilities	801 641	801 641	3 663	3 663
Trade and other payables excluding non-financial liabilities	171 909	171 909	88 239	88 239
Total	**1 746 887**	**1 746 231**	**616 902**	**616 902**
Financial instruments measured at fair value through profit and loss				
Derivatives - asset				
Foreign exchange forward contracts			11 457	11 457
Total				
Derivatives – liabilities				
Foreign exchange forward contracts	6 929	6 929		
Total	**6 929**	**6 929**	-	-

Fair value hierarchy

All financial instruments for which fair value is recognized or disclosed are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole, as follows:

Level 1 Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

There were no transfers between Levels or changes in valuation techniques during the period.

All of the Group's financial instruments that are measured at fair value are classified as level 2.

Level 2 trading and hedging derivatives comprise forward foreign exchange contracts and interest rate swaps. These forward foreign exchange contracts have been fair valued using forward exchange rates that are quoted in an active market. Interest rate swaps are fair valued using forward interest rates extracted from observable yield curves. The effects of discounting are generally insignificant for Level 2 derivatives.

Financing agreements

In the period with the acquisition of Hemtex AB, Kid ASA has secured a NOK 922,000 thousand financing structure with Nordea Bank for the combined Kid and Hemtex group. After the refinancing, the Group has the following borrowing facilities:

(Amounts in NOK thousand)		Interest	Maturity	Repayment
TL A	150 000	3 months Nibor + 1.30%	3 years	Instalments*
TL B	395 000	3 months Nibor + 1.10%	3 years	At maturity
Revolving credit facility	130 000	3 months Nibor + 1.10%	2 years	At maturity
Overdraft	247 000	1 week IBOR + 1.10%	12 months	At maturity
	922 000			

* NOK 50,000 thousand annually in semiannual instalments

The facilities are secured by NOK 1,200,000 thousands of inventory, accounts receivables and operating equipment in Kid Interiør AS and Hemtex AB and the shares in Kid Interiør AS and Hemtex AB. The overdraft facility is in addition secured by a floating charge of SEK 300,000 thousand.

In addition to the facilities described above, Kid has secured a NOK 115 million L/C- and guarantee facility.

Note 8 Earnings per share

	Q2 2019	Q2 2018	H1 2019	H1 2018	FY 2018
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	1 830	5 210	1 365	3 443	168 723
Earnings per share (basic and diluted) (Expressed in NOK per share)	**0,05**	**0,13**	**0,03**	**0,08**	**4,15**

Note 9 Related party transactions

The Group's related parties include it associates, key management, members of the board and majority shareholders.

None of the Board members have been granted loans or guarantees in the current year. 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 six months ended 30 June 2019 and 2018:

Lease agreements	**H1 2019**	**H1 2018**
Vågsgaten Handel AS with subsidiaries (Store rental)	451	640
Management for Hire*	250	0
Total	701	640

* Integration work performed by the chairman of the board, Petter Schouw-Hansen. The work is approved by the board as per Kid corporate governance policies.

Note 10 Fixed assets and intangible assets

(Amounts in NOK thosuand)	Right of use Assets	PPE	Trademark	Other Intangibles
Balance 31.12.2018	-	91 530	1 459 585	9 835
IFRS 16 transition effects (see note 10)	674 700	-	-	-6 532
Balance 01.01.2019	**674 700**	**91 530**	**1 459 585**	**3 303**
Exchange differences	-602	-110	-139	-132
Acquisition Hemtex	221 516	38 467	49 300	63 746
Additions	28 167	32 087	-	144
Depreciation and amortisation	-83 035	-20 987	-	-591
Balance 30.06.2019	**840 745**	**140 987**	**1 508 746**	**66 470**

(Amounts in NOK thosuand)	Right of use Asset	PPE	Trademark	Other Intangibles
Balance 01.01.2018		**91 900**	**1 462 400**	**8 400**
Additions		18 900		
Depreciation and amortisation		-17 800	-800	-900
Balance 30.06.2018	-	**93 000**	**1 461 600**	**7 500**

Note 11 Cash and Cash Equivalents

Reconciliation to cash flow statement. The figures below reconcile to the amount of cash shown in the statement of cash flows at the end of the financial year as follows:

	30.06.2019	31.03.2019	31.12.2018
Cash and cash deposits	151 566	141 932	242 152
Bank overdrafts included in short term liabilites to financial inst	-90 570		
Balances per statement of cash flows	60 996	141 932	242 152

Note 12 Changes in accounting policies – implementation of IRS 16 Leases

IFRS 16 effects table

Kid implemented IFRS 16 from 1 January, applying the simplified transition approach, and will not restate comparative amounts for the year prior to first adoption. In the following tables, Q2 2019 and H1 2019 figures excluding IFRS 16 effects are presented to make them comparable with comparative periods for 2018.

Income Statement

(Amounts in MNOK)	Q2 2019 IFRS 16	IFRS 16 Effects	Q2 2019 IAS 17	Q2 2018 IAS 17	H1 2019 IFRS 16	IFRS 16 Effects	H1 2019 IAS 17	H1 2018 IAS 17
Revenue	428,8	0	428,8	281,5	726,8	0,0	726,8	556,4
COGS	160,2	0,0	160,2	108,5	278,0	0,0	278,0	222,8
Gross profit	**268,6**	**0,0**	**268,6**	**173,0**	**448,8**	**0,0**	**448,8**	**333,6**
Gross margin (%)	62,6 %		62,6 %	61,5 %	61,8 %		61,8 %	60,0 %
Other operating revenue	0,9	0,0	0,9	0,0	0,9	0,0	0,9	0,0
OPEX	-193,0	-51,1	-244,1	-153,0	-321,3	-88,1	-409,4	-303,6
EBITDA	**76,4**	**-51,1**	**25,3**	**20,1**	**128,5**	**-88,1**	**40,4**	**30,0**
EBITDA margin (%)	17,8 %		5,9 %	7,1 %	17,7 %		5,6 %	5,4 %
Depreciation and amortisation	-61,6	49,5	-12,1	-9,3	-104,3	82,5	-21,8	-18,6
EBIT	**14,8**	**-1,6**	**13,3**	**10,8**	**24,2**	**-5,6**	**18,6**	**11,4**
EBIT margin (%)	3,5 %		3,1 %	3,8 %	3,3 %		2,6 %	2,1 %
Net finance	-10,5	7,3	-3,2	-4,0	-20,5	14,4	-6,1	-7,0
Profit before tax	**4,3**	**5,7**	**10,1**	**6,8**	**3,8**	**8,8**	**12,6**	**4,5**
Net income	**1,8**	**4,5**	**6,3**	**5,2**	**1,4**	**6,9**	**8,3**	**3,4**

Alternative performance measures								
Adj. EBITDA	**85,8**	**-51,1**	**34,7**	**20,1**	**137,8**	**-88,1**	**49,8**	**30,0**
Adj. EBITDA margin (%)	20,0 %		8,1 %	7,1 %	18,9 %		6,8 %	5,4 %
Adj. EBIT	**24,2**	**-1,6**	**22,7**	**10,8**	**33,6**	**-5,6**	**28,0**	**11,4**
Adj. EBIT margin (%)	5,6 %		5,3 %	3,8 %	4,6 %		3,8 %	2,1 %
Adj. Net income	**10,6**	**4,5**	**15,1**	**5,2**	**10,1**	**6,9**	**17,0**	**3,4**

Balance Sheet

(Amounts in MNOK)	30.06.2019 IFRS 16	IFRS 16 effects	30.06.2019 IAS17	30.06.2018 IAS17
Assets				
Goodwill	63,6	0,0	0,0	0,0
Trademark	1 508,7	0,0	1 508,7	1 461,6
Other intangible assets	2,9	13,4	16,3	7,5
Deferred tax asset	19,6	0,0	19,6	0,0
Total intangible assets	**1 594,8**	**13,4**	**1 544,6**	**1 469,1**
Right of use asset	840,7	-840,7	0,0	0,0
Fixtures and fittings, tools, office machinery and equipment	141,0	0,0	141,0	93,0
Total tangible assets	981,7	-840,7	141,0	93,0
Total fixed assets	**2 576,5**	**-827,3**	**1 685,6**	**1 562,1**
Inventories	449,4	0,0	449,4	300,1
Trade receivables	7,5	0,0	7,5	3,3
Other receivables	34,4	31,9	66,3	20,9
Derivatives	-6,9	0,0	-6,9	11,5
Totalt receivables	35,0	31,9	66,9	35,7
Cash and bank deposits	151,6	0,0	151,6	75,4
Total currents assets	**636,0**	**31,9**	**667,9**	**411,1**
Total assets	**3 212,4**	**-795,4**	**2 417,1**	**1 973,2**

Balance Sheet

(Amounts in MNOK)	30.06.2019 IFRS 16	IFRS 16 Effects	30.06.2019 IAS17	30.06.2018 IAS17
Equity and liabilities				
Share capital	48,8	0,0	48,8	48,8
Share premium	321,0	0,0	321,0	321,0
Other paid-in-equity	64,6	0,0	64,6	64,6
Total paid-in-equity	**434,4**	**0,0**	**434,4**	**434,4**
Other reserves - OCI	-2,6	0,0	-2,6	0,0
Other equity	568,8	2,9	571,8	541,0
Total equity	**1 000,6**	**2,9**	**1 003,6**	**975,4**
Pension liabilities	0,0	0,0	0,0	0,0
Deferred tax	330,0	1,2	331,2	336,5
Other provisions	0,0	0,0	0,0	0,0
Total provisions	**330,0**	**1,2**	**331,2**	**336,5**
IFRS 16 Land and building	591,1	-591,1	0,0	0,0
Liabilities to financial institutions	494,3	2,1	496,4	428,7
Derivatives	0,0	0,0	0,0	0,0
Total long-term liabilities	**1 085,5**	**-589,1**	**496,4**	**428,7**
IFRS 16 Land and building	210,5	-210,5	0,0	0,0
Liabilities to financial institutions	279,0	0,0	279,0	100,0
Trade payable	100,6	0,0	100,6	35,2
Tax payable	11,2	0,0	11,2	2,2
Public duties payable	71,5	0,0	71,5	52,9
Dividends	0,0	0,0	0,0	0,0
Derivatives	0,0	0,0	0,0	0,0
Other short-term liabilities	123,5	0,0	123,5	42,3
Total short-term liabilities	**796,3**	**-210,5**	**585,8**	**232,7**
Total liabilities	**2 211,8**	**-798,3**	**1 413,5**	**997,8**
Total equity and liabilities	**3 212,4**	**-795,4**	**2 417,1**	**1 973,2**

Cash Flow

(Amounts in MNOK)	Q2 2019 IFRS 16	IFRS 16 Effects	Q2 2019 IAS 17	Q2 2018 IAS 17	H1 2019 IFRS 16	IFRS 16 Effects	H1 2019 IAS 17	H1 2018 IAS 17
Net cash flow from operaions	30,6	62,4	-31,9	-12,6	-16,1	99,4	-115,5	-74,5
Net Cash flow from investments	-14,2	0,0	-14,2	-13,9	-26,9	0,0	-26,9	-18,9
Net cash flow from financing	-97,1	-62,4	-34,7	43,3	-137,6	-99,4	-38,1	39,9
Net change in cash and cash equivalents	**-80,7**	**0,0**	**-80,7**	**16,9**	**-180,5**	**0,0**	**-180,5**	**-53,6**
Cash and cash equivalents at the beginning of the period	141,9	0,0	141,9	57,3	242,2	0,0	242,2	130,1
Exchange gains / (losses) on cash and cash equivalents	-0,2	0,0	-0,2	1,2	-0,7	0,0	-0,7	-1,2
Change in financial derivatives in OCI	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Cash and cash equivalents at the end of the period	**61,0**	**0,0**	**61,0**	**75,4**	**61,0**	**0,0**	**61,0**	**75,4**

Definitions

- **Like-for-like** revenue are revenue from stores that were in operation at the start of last year's period and the end of the current reporting period. Refurbished and relocated stores, as well as online sales, are included in the definition. For the comparative year, Hemtex like-for-like revenue is derived from Hemtex management information (not audited by Kid ASA). Like-for-like revenue for Hemtex is calculated in constant currency. Like-for-like revenue is an important key figure for the Kid Group and the user of financial statements as it illustrates the underlying organic revenue growth excluding the effects of store openings and closures.
- **Revenue growth** represents the growth in revenue for the current reporting period compared to the comparative period the previous year. For Hemtex, the comparative period is derived from Hemtex management information (not audited by Kid ASA). Revenue growth for Hemtex is calculated in constant currency. Revenue growth is an important key figure for the KID Group and the user of financial statements as it illustrates the underlying organic revenue growth.
- **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.
- **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 is an important performance measure for Kid. **Adjusted EBITDA** is defined as EBITDA less items defined as other income and expenses, which includes inter alia, transaction and integration costs. These performance measures are important key figures for Kid Group and considered useful to the users of the financial statements when evaluating operational profitability on a more variable cost basis as they exclude amortisation and depreciation expense related to capital expenditure, and also items not considered as a part of ordinary operations.
- **EBITDA margin** is EBITDA divided by Total revenue. The **Adjusted EBITDA margin** is Adjusted EBITDA divided by total Revenue. These performance measures are important key figures for Kid Group and are considered useful to the users of the financial statements when evaluating operational efficiency on a more variable cost basis as they exclude amortisation and depreciation expense related to capital expenditure, and also items not considered as a part of ordinary operations.
- **EBIT** (earnings before interest, tax) is operating profit. **Adjusted EBIT** is defined as EBIT less items defined as other income and expenses, which includes inter alia, transaction and integration costs. These performance measures are considered useful to the users of the financial statements when evaluating operational profitability, also excluding items not considered as a part of ordinary operations.
- **EBIT margin** is EBIT divided by Total revenue. The **Adjusted EBIT margin** is Adjusted EBIT divided by total Revenue. These performance measures are important key figures for Kid Group and are considered useful to the users of the financial statements when evaluating operational efficiency, also excluding items not considered as a part of ordinary operations.
- **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.
- **Adjusted Net Income** is Net Income adjusted for items defined as other income and expenses, which includes inter alia, transaction and integration costs adjusted for tax effects and change in deferred tax caused by change in tax rate.

Responsibility statement Kid ASA

We confirm to the best of our knowledge that the condensed set of financial statements for the period 1. January to 30. June 2019 has been prepared in accordance with IAS 34 - Interim Financial Reporting, and gives a true and fair view of the Kid Group's assets, liabilities, financial position and result for the period. We also confirm to the best of our knowledge that the financial review includes a fair review of important events that have occurred during the first six months of the financial year and their impact on the financial statements, any major related parties transactions, and a description of the principal risks and uncertainties for the remaining six months of the financial year.

Lier, 29th August 2019

The board of Kid ASA

Petter Schouw-Hansen

Karin Bing Orgland

Egil Stenshagen

Vilde Falck-Ytter

Rune Marsdal

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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