Kid ASA

11 May 2016

Q1 2016

Presentation available at investor.kid.no

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Highlights Q1 2016

- Revenues declined 0.6 % compared to Q1 2015
  - Two less shopping days due to timing of Easter
  - Revenue growth of 3.9% per April
- Gross margin of 58.5% (57.9% LY)
- Adjusted EBITDA of MNOK 0.5 (MNOK 9.0 LY)
  - Employee benefits expense increased by 6.7%, where 2.5% of the increase was due to new stores
  - Other OPEX increased by 7.3%, where 6.9% was due to increased rental costs as a result of expansion and relocation
- Annual general meeting was held on May 11th. All proposed resolutions were passed.

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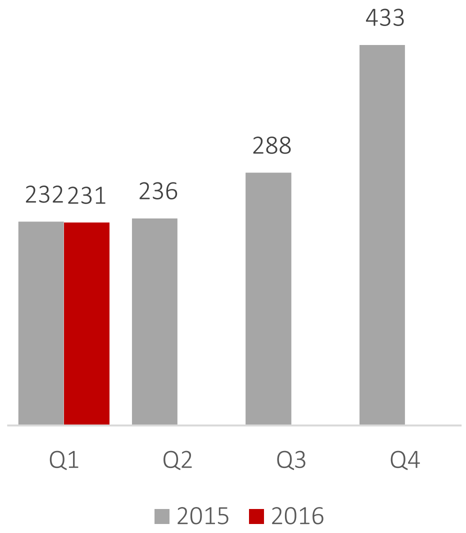
Revenues and market share

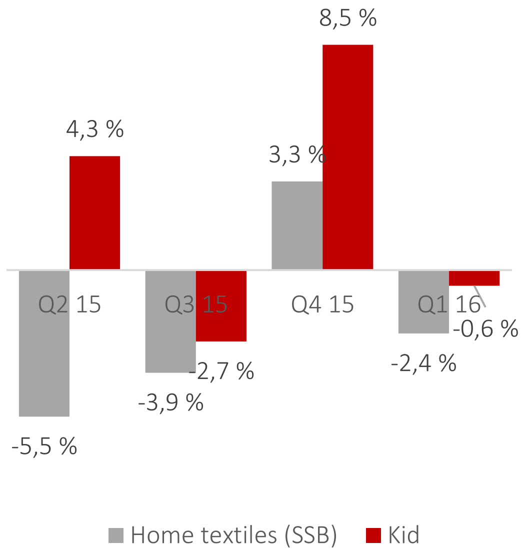
Q1 revenues declined by 0.6%

- Two less shopping days due to timing of Easter
- Like-for-like decline of 4.5%
- Increase of 4 new stores since Q1 2015
- Online sales growth of 32.2%
- Home textile market performed below broader retail benchmark in Q1 2016
- Kid outperformed market by 1.8 percentage points in the first quarter

Revenue



Market



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Revenues as of April

As of April revenues are up 3.9% YTD compared to 2015

- Due to the revenue effect following the timing of Easter, Kid ASA has decided to announce revenues per April in the Q1 report
- There was three additional shopping days in April 2016 compared to April 2015 (one additional shopping day year to date “YTD”)
- Total revenue growth of 3.9% YTD
- Like-for-like decrease of 0.2% YTD
- Online sales growth of 41.2% YTD

Summer catalogue – launched 17th of April

Operational focus

Growth enhancing initiatives in Q1:

- Ongoing adjustments of both prices and assortment to deliver on our "value for money" proposition while achieving the targeted gross margins
- Recruiting members to our customer loyalty program - 315,000 members at the end of the first quarter
- Developing our categories further. "Window blinds" and "kitchen wear" show strong growth in the first quarter after being renewed in 2015 and further optimized in the first quarter of 2016
- Introducing organic towels and bed linens to further strengthen our environmental-friendly products

Operational focus

We have developed the store portfolio by:

- Finalizing refurbishments of two of our largest stores. As of April, 9 of our top 10 stores have been refurbished
- Relocating the store in Porgrunn
- Finalizing new stores in Asker (Oslo) and Mortensrud (Oslo) with opening in April
- Actively seeking new store locations. No new agreements were signed during the first quarter

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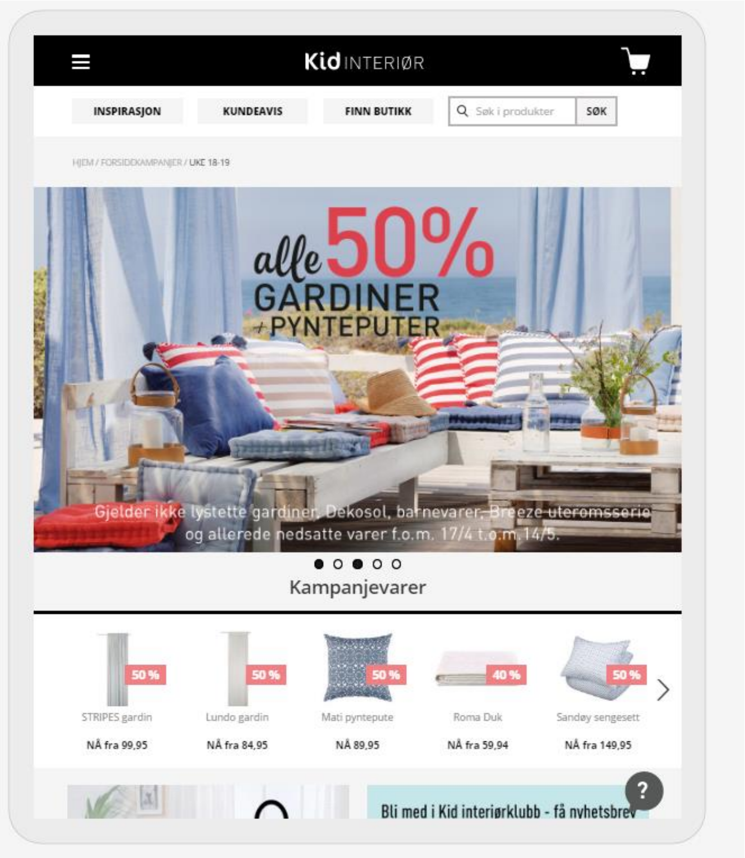
Operational focus

Key features in the new online store:

- Responsive design enables shopping from smart phones and tablets
- In-store pickup of online orders with free shipping
- Dedicated site for business customers
- Site optimized for search engines
- Improved response times and site navigation



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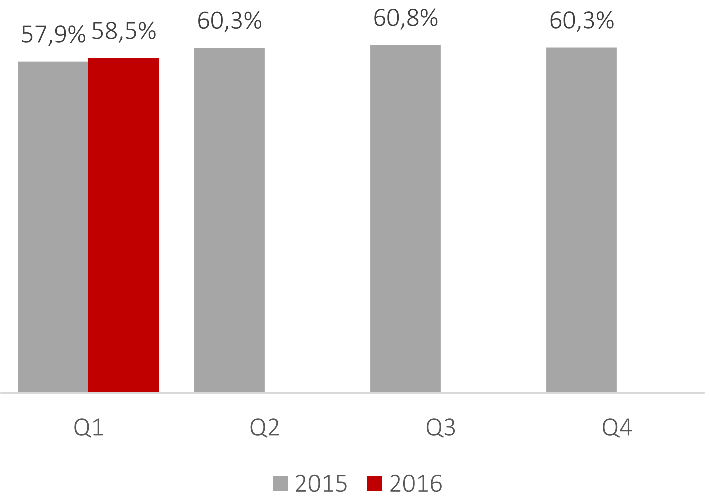
Gross margin

Gross margin improvement of 0.6 pp in Q1

- Gross margin including realized currency effects was 58.5% for the quarter, an improvement of 0.6 percentage points from Q1-2015
- Following the weakening of the Norwegian Krone (NOK) early in 2015, price adjustments were made and are now implemented with full effect
- Hedging strategy was implemented in April 2015, and ensures control of gross margins going forward

Gross margin in 2015 and 2016



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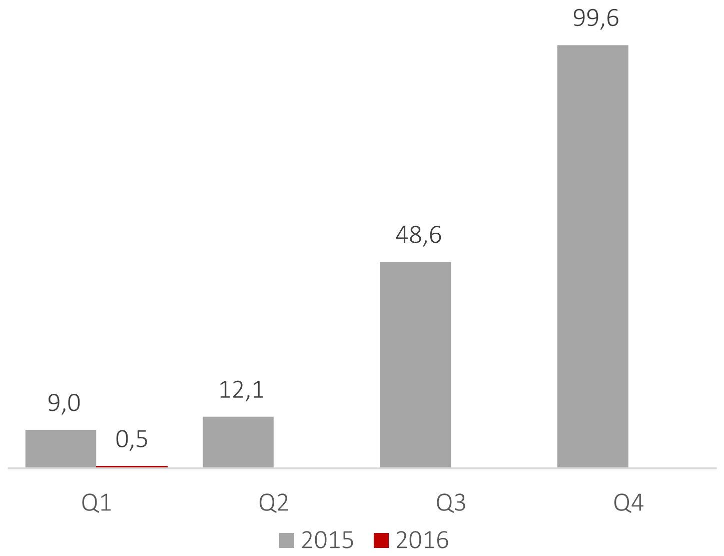
Adjusted EBITDA*

Adjusted EBITDA of MNOK 0.5 in Q1 (MNOK 9.0)

- EBITDA negatively impacted by the Easter revenue effect
- Cost base generally less flexible in the first quarter
- Employee benefits expense increased by 6.7% in Q1 2016
  - 2.5% of the increase was due to new stores
  - Remainder of the increase due to general salary increase and other Q1 effects
- Other OPEX increased by 7.3% in Q1 2016
  - 4.3% of the increase due to new stores and headquarters rental costs
  - 2.6% of the increase due to other rental costs
  - 0.4% of the increase due to other OPEX

Adjusted EBITDA 2015 and 2016



*Please see adjustment overview in appendix

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Income statement*

Q1 adjusted net loss of MNOK 7.1 (MNOK -1.1)

- Depreciation increased due to last years` CAPEX levels
- Financial expenses reduced due to lower interest rate on long term debt and debt instalment of MNOK 75 in November 2015
- Q1 2016 adjustments are made for unrealized losses/gains on USDNOK forward contracts and the related tax effect
- Corporate tax rate is 25% in 2016 (27% in 2015)

Income statement

Amounts in MNOK	**Q1 2016**	**Q1 2015**	**FY 2015**
Revenue	230,6	231,9	1 188,4
COGS including realized FX-effects	-95,7	-97,7	-475,9
Gross profit	**134,9**	**134,2**	**712,6**
Gross margin (%)	58,5 %	57,9 %	60,0 %
Other operating income	0,0	0,4	1,3
OPEX	-134,4	-125,6	-544,6
Adj. EBITDA	**0,5**	**9,0**	**169,3**
EBITDA margin (%)	0,2 %	3,9 %	14,2 %
Depreciation and amortisation	-6,7	-5,6	-24,4
Adj. EBIT	**-6,2**	**3,4**	**144,9**
EBIT margin (%)	-2,7 %	1,5 %	12,2 %
Net finance	-3,3	-4,9	-18,4
Adj. Profit before tax	**-9,5**	**-1,5**	**126,5**
Adj. Net profit (loss)	**-7,1**	**-1,1**	**92,8**

*Please see adjustment overview in appendix

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Cash flow

NIBD/EBITDA OF 2.5 PER 31.03.2016

- Working Capital positively affected by lower inventory build-up in Q1 due to healthy inventory level at the end of 2015.
- Negative cash effect from "other provisions" due to increased payments of VAT after strong Q4-2015
- CAPEX reflects finalized and ongoing investments in stores and online shop
- NIBD/EBITDA of 2.5 (based on adjusted EBITDA for the last twelve months), compared to 3.2 as of 31.03.2015

Cash flow

Amounts in MNOK	Q1 2016	Q1 2015	FY 2015
Net cash flow from operations	-94,2	-88,1	128,6
Net cash flow from investments	-8,8	-9,9	-40,6
Net cash flow from financing	-3,7	10,3	44,1
Net change in cash and cash equivalents	**-106,7**	**-87,7**	**132,1**
Cash and cash equivalents at the beginning of the period	230,4	99,1	99,1
Exchange gains / (losses) on cash and cash equivalents	-2,6	-0,8	-0,8
Cash and cash equivalents at the end of the period	**121,0**	**10,6**	**230,4**

Working capital

Amounts in MNOK	Q1 2016	Q1 2015	FY 2015
Change in inventory	-33,7	-51,5	-23,3
Change in trade debtors	1,4	-1,8	-1,2
Change in trade creditors	-1,4	8,9	25,7
Change in other provisions	-52,0	-44,3	-6,2
Change in working capital	**-85,7**	**-88,8**	**-5,0**

Operational initiatives

Mid-term objectives unchanged

- Full focus on core business – summer and back to school campaign are ready to launch
- Final development of the new online store to be completed within July 2016
- Increased focus on store level service. Simulation based training ready to launch in May 2016
- Ongoing negotiations regarding long-term debt expected to be finalized in H1 2016

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Q&A

APPENDIX

Adjustments overview

Adjustments overview (MNOK)		Q1 2016	Q1 2015	FY 2015
1	Adj: Cost of relocation to new warehouse			3,7
2	Adj: Cost related to IPO			5,8
3	Other Unrealized losses/gains	16,5	-4,7	-14,2
EBITDA adjustments		16,5	-4,7	-4,7
4	Changes in fair value of financial current assets		-3,0	-5,5
5	Interest expenses on SWAP		2,0	7,4
Profit adjustments before tax		16,5	-5,7	-2,9
6	Adj: Tax effect of adjustments (1-5)	-4,1	1,5	0,8
7	Adj: Deffered tax effect of lower tax rate			-29,2
Net profit (loss) adjustments		12,4	-4,2	-31,3

Comments

1. Kid relocated to a new warehouse in June 2015 and considers costs related to this as one-off
2. Costs related to the IPO in 2015 is considered one-off
3. Unrealized losses/gains is related to open USDNOK forward contracts at the end of the quarter. Kid does not consider unrealized FX contracts as a part of the adjusted net income. Realized losses/gains is considered to be a part of COGS.
4. Changes in fair value of financial current assets is related to a SWAP agreement that was terminated in connection with the IPO.
5. Same as #4
6. The tax effect for adjustment 1-5 is calculated using a corporate tax rate of 25% for 2016 and 27% for 2015
7. Change in deferred tax related to the trademark caused by a reduced tax rate from 27% to 25% with effect from 1.1.2016.