



Kid ASA - Lower than expected gross margin in Q3 2022

Lier, 4 November 2022.

Kid will in Q3 2022 report lower than expected gross margin due to high freight cost. Overseas freight cost expressed as percentage of cost of goods sold was 21.7% in Q3 2022, up from 10.9% in Q3 2021.

Our price model has not sufficiently taken into consideration the volatility in freight cost and consequently not been reflected in increased sales prices. The reported gross margin was 55.5% in Q3 2022, down from 61.4% in Q3 last year.

The higher freight cost is also expected to negatively impact the gross margin for Q4 2022 and into 2023.

With freight spot rates currently decreasing combined with actions to secure normalized margins for future purchases, we expect a gradual gross margin improvement during 2023.

Our Financial Objective; stable gross margin in line with the past 10 years, remains unchanged for 2023.

Management will elaborate on this topic during the upcoming presentation on Tuesday 8 November 2022.

ENQUIRIES:

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