

Ekornes QM Holding Group

Financial statements for the third quarter 2021



EKORNES®

HIGHLIGHTS

Financial statement for the third quarter 2021

- Persisting strong demand for home furnishing in all markets, particularly in North America, drove Ekornes' Q3 2021 order reserve to record levels
- Q3 2021 operating revenue ended at NOK 1 041 million, in line with previous quarter and marks the fourth consecutive quarter of strong revenue
- Strong demand in all segments lifted underlying sales, boosting Stressless® revenues up 34% to NOK 781 million, IMG revenue up 4% to NOK 185 million and Svane® revenue up 2% to NOK 75 million
- Q3 2021 EBIT increased 42% to NOK 131 million year-over-year, driven by higher sales and improved capacity utilization
- Operating Cash Flow for the quarter was positive NOK 52 million driven by strong earnings, partly offset by an increase in working capital
- Continued strong order intake in Q3 2021 of NOK 1 188 million results in all-time high order reserve of NOK 1 310 million, which is 57% up from Q3 2020, or 246% up from 2019
- Expanding capacity to meet strong customer demand, while safeguarding operations, partnerships and financial flexibility, remains a key priority in a continued uncertain world



SOLID RESULTS AFTER STRONG QUARTER IN ALL MARKETS

The strong demand seen during the last 12 months continued in the third quarter, lifting Ekornes' revenue to record high levels for the first nine months of 2021. Performance was strong in all markets and segments, with North America standing out as the main growth driver for both Stressless® and IMG.

In rapidly changing market conditions, Ekornes' key priority has been to ensure production and the ability to deliver, while maintaining financial flexibility. To meet the continued high customer demand for Ekornes' products, capacity has been expanded for both Stressless® and IMG, along with hiring more employees.

Securing access to input materials and transportation capacity has been a key focus area for Ekornes throughout the pandemic. The company took actions to address the challenges at an early stage of the pandemic and combined with pricing adjustments reflecting increased costs, the impact has so far been limited. However, although the pandemic impact is fading, constraints on logistics and input materials remain a challenge across the industry. The situation is monitored closely, and safeguarding operations and financial flexibility remain key priorities as market conditions change.

In markets still impacted by the Covid-19 pandemic, the ability to deliver products is an increasingly important competitive advantage. Through high production capacity, availability of inventory and close collaboration with retailers, Ekornes has managed to support customers with relevant products throughout the pandemic, strengthening its market position. Continuing to secure availability and relevant products with short delivery times, Ekornes expects to remain in this position going forward.

Ekornes continues to optimize its organizational structure and is currently combining Stressless® and IMG into one operational unit to leverage competitive advantages across the two segments.

Challenging market infrastructure and logistics will continue to characterize the market going forward. With reliable distribution channels and good access to raw materials, combined with high operational flexibility, Ekornes is well positioned to adapt in a rapidly changing market, moving into the last part of 2021 with a record-high order reserve.

Longer term, markets will gradually revert to normalized pre-pandemic conditions, and the extraordinary effects driving demand for furniture and housing products during the pandemic are expected to ease. However, by integrating operations and closely collaborating with customers, Ekornes will continue to develop existing and new markets. The company has innovation and product development high on the agenda, enabling it to continuously bring new and relevant products to customers in all regions where the company is present.



COMPANY HISTORY AND OWNERSHIP

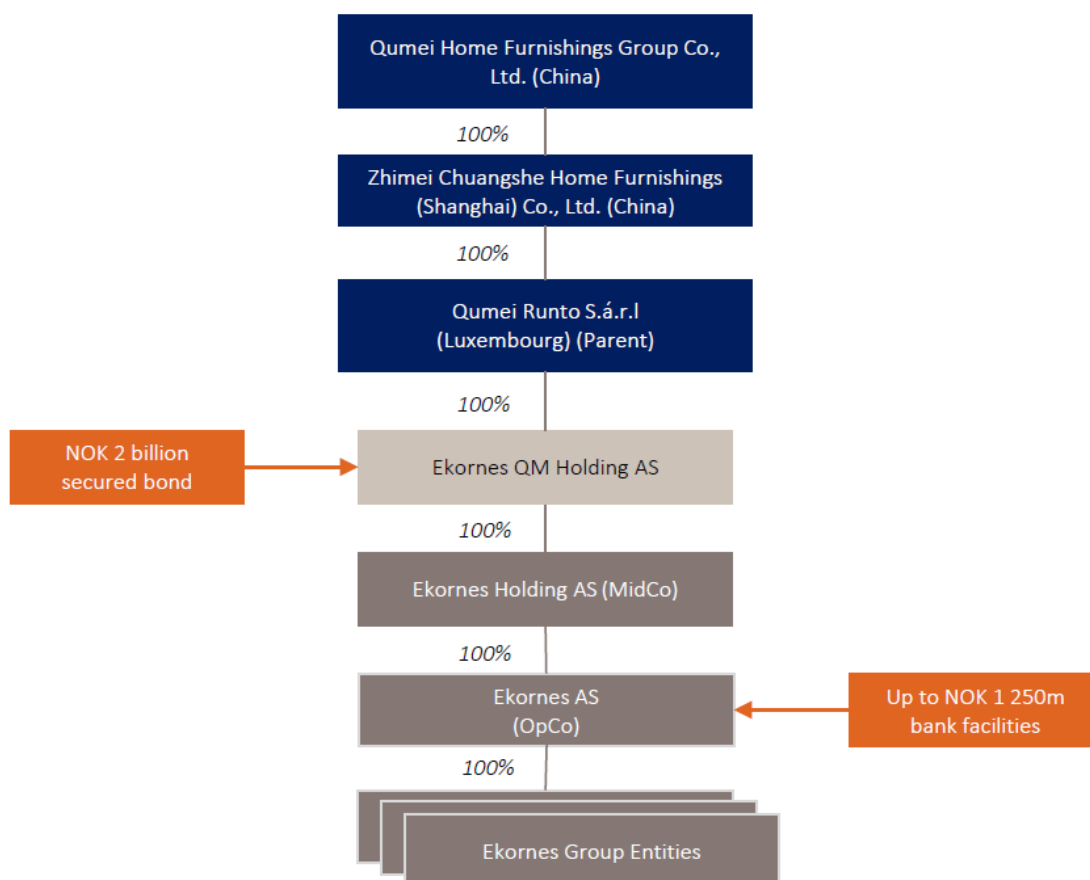
Ekornes QM Holding AS was founded 4 January 2018 with the purpose of acquiring the Ekornes Group. In May 2018, an offer was made to purchase the shares of all Ekornes shareholders. The share purchase was completed in August 2018 and Ekornes AS was delisted from the Oslo Stock Exchange in October 2018.

Qumei Home Furnishings Group wholly owns the Ekornes Group through Ekornes Holding AS. Norwegian ultimate parent company Ekornes QM Holding AS is a wholly owned subsidiary of Qumei Home Furnishing Group. In July, Ekornes QM Holding AS acquired Huatai Securities' ownership share of 9.5% in Ekornes Holding AS, thereby controlling all shares and voting rights in Ekornes Holding AS. The Ekornes Group is the only operational part of the Ekornes QM Holding Group. The Ekornes Group is consolidated from the acquisition date.

The consolidated financial statements comprise the financial statements of the parent company Ekornes QM Holding AS and its subsidiaries as of 30 September 2021. As of 30 September 2021, Ekornes QM Holding AS had 100% shareholding and voting rights in Ekornes Holding AS, who in its turn has a 100% ownership share and voting rights for all other consolidated companies.

In October, the Board of Directors of Ekornes QM Holding AS and Ekornes Holding AS approved merging the two companies to simplify the group structure. The merger is expected to be completed in December 2021. Ekornes Holding AS will be dissolved as a result of the merger.

Ownership chart as of 30 September 2021:



KEY FIGURES

		Q3 2021	Q3 2020	Q2 2021	YTD Q3 2021	YTD Q3 2020	Y 2020
Gross operating revenue	MNOK	1 040,5	832,3	1 059,5	3 143,8	2 360,5	3 481,7
Stressless®	MNOK	780,5	580,9	792,4	2 317,4	1 728,8	2 539,1
IMG	MNOK	184,7	178,0	204,1	607,9	451,5	671,7
Svane®	MNOK	75,2	73,4	63,0	218,5	180,2	270,9
Gross operating earnings (EBITDA)	MNOK	216,5	165,4	205,0	657,6	389,7	666,6
Operating earnings (EBIT)	MNOK	131,3	92,6	131,7	425,0	167,7	363,4
Operating margin (EBIT)	%	12,6%	11,1%	12,4%	13,5%	7,1%	10,4%
Earnings before tax (EBT)	MNOK	89,4	53,6	96,8	297,2	51,3	178,1
Net earnings	MNOK	72,3	41,4	78,1	239,5	36,3	142,4
Net interest-bearing Debt (NIBD)	MNOK	2 810,7	2 080,5	2 067,3	2 810,7	2 080,5	2 046,7
Cash and Bank deposits end of period	MNOK	297,2	422,0	440,5	297,2	422,0	454,6

FINANCIAL REVIEW

(Figures in brackets represent the corresponding period in 2020).

THIRD QUARTER 2021 FINANCIAL REVIEW

Ekornes' operating revenue in third quarter was NOK 1 041 million (832), up 25% from a strong third quarter 2020. The increase relates to higher sales in all segments, driven by a continued demand for home furnishing products after a strong uplift during the Covid-19 pandemic. In addition, positive responses to new products combined with Ekornes' ability to support customers with timely delivery of relevant products have supported sales, although some markets continue to be impacted by Covid-19 lockdowns.

Underlying sales revenue from the Stressless® segment was NOK 781 million (581), up 34% from Q3 2020. Revenue from IMG ended at NOK 185 million (178), while revenue from Svane® amounted to NOK 75 (73).

Costs of goods sold amounted to NOK 302 million (207) during the quarter, driven by high activity and increased capacity within all segments. Material and logistic costs are expected to increase going forward. Payroll expenses amounted to NOK 269 million (250). Other operating expenses amounted to NOK 248 million, compared with NOK 209 million in Q3 2020.

Operating earnings (EBIT) for Q3 2021 came in at NOK 131 million (93), corresponding to an EBIT margin of 12.6% (11.1%). The improvement in earnings is due to stronger sales and improved efficiency through increased production and higher capacity utilization. With a relatively high share of fixed costs, particularly in Stressless® production, profitability increases with higher volumes.

Net other losses amounted to a gain of NOK 5 million in the quarter (Loss of 0.5).

Net financial items for the period were negative NOK 42 million. Financial expenses amounted to NOK 48 million during the quarter, partly offset by net gains on foreign exchange of NOK 4 million. In the third quarter 2020, net financial items were negative at NOK 39 million, consisting of financial expenses of NOK 45 million and a gain on foreign exchange of NOK 5 million.

Earnings before tax for the quarter came in at NOK 89 million (54). Tax expense for the period is calculated to NOK 17 million (12), which gave a net profit for the quarter of NOK 72 million (41).

FINANCIAL REVIEW FOR THE FIRST NINE MONTHS OF 2021

For the first nine months of 2021, Ekornes generated operating revenue of NOK 3 144 million (2 361). The increase in revenues compared to the same period in 2020 is largely due to higher consumer spending on home furnishing driven by the Covid-19 pandemic, compared to a major drop in activity during lockdowns in parts of the first nine months of 2020.

All segments have delivered stronger sales than in the corresponding period in 2020. Underlying sales revenue from the Stressless® segment was NOK 2 317 million (1 729), revenue from IMG was NOK 608 million (451), while revenue from Svane® amounted to NOK 218 million (180).

FINANCIAL REVIEW FOR THE FIRST NINE MONTHS OF 2021 (Cont.)

Operating earnings (EBIT) for the first nine months of 2021 came in at NOK 425 million (168). The increase from the corresponding period in 2020 is mainly driven by increased sales and improved profitability from higher capacity utilization.

Payroll expenses amounted to NOK 885 million during the period, compared to NOK 707 million during the first nine months of 2020. Other operating expenses, including sales and marketing costs, ended at NOK 746 million, up from NOK 615 million in 2020. The increased expenses follow a significant higher activity level in 2021 than the corresponding period in 2020.

Net financial items were negative at NOK 128 million (-116), driven by financial expenses of NOK 138 million (170).

Earnings before tax for the first nine months came in at NOK 297 (51). Tax expense is calculated to NOK 58 million (15), which gave a net result of NOK 239 million (36).

ORDER RECEIPTS AND ORDER RESERVE

		Q3 2021	Q3 2020	Q2 2021	YTD Q3 2021	YTD Q3 2020	Y 2020	CHANGE YTD 2021 / YTD 2020
Order receipts	MNOK	1 187,8	1 207,0	1 226,5	3 617,0	2 794,8	4 014,0	29,4%
Order reserve	MNOK	1 309,7	831,9	1 174,0	1 309,7	831,9	874,3	57,4%

Order receipts in the third quarter 2021 amounted to NOK 1 188 million, slightly down from NOK 1 207 million in the corresponding quarter in 2020. Order receipts in the second quarter 2021 amounted to NOK 1 227 million.

As of 30 September 2021, Ekornes' combined order reserve was all-time high at NOK 1 310 million, up from NOK 1 174 million at the end of the second quarter 2021. Order reserve at the end of the third quarter 2020 was NOK 832 million.

BALANCE SHEET

		30.9.2021	30.9.2020	30.6.2021	31.12.2020
Working capital*	MNOK	1 351,5	939,4	1 312,9	990,5
Bank deposits	MNOK	297,2	422,0	440,5	454,6
Total assets	MNOK	7 838,3	7 704,2	7 971,2	7 748,2
Interest-bearing loans	MNOK	3 108,0	2 502,5	2 507,7	2 501,3
Total liabilities	MNOK	4 799,8	4 134,1	4 271,4	4 178,7
Equity	MNOK	3 038,5	3 570,1	3 699,7	3 569,5
Equity ratio	%	38,8%	46,3%	46,4%	46,1%
Value of forward contracts	MNOK	10,6	-11,3	13,0	22,7
Net interest-bearing Debt (NIBD)	MNOK	2 810,7	2 080,5	2 067,3	2 046,7

* Working capital = trade receivables + inventory - trade payables

As of 30 September 2021, Ekornes had total assets of NOK 7 838 million, compared with NOK 7 971 million three months earlier. The decrease is mainly due to reduced cash and lower trade receivables of NOK 143 million and NOK 72 million respectively. The decrease is partly offset by a NOK 124 million increase in inventories.

Total equity was NOK 3 038 million at the end of the quarter, corresponding to an equity ratio of 39%. This decrease from NOK 3 700 million and 46% at the end of the previous quarter, is related to the acquisition of Huatai Securities' 9.5% ownership share in Ekornes Holding AS for a total consideration of NOK 741 million financed using existing credit facilities.

Total interest-bearing debt at the end of the period amounted to NOK 3 108 million, up from NOK 2 508 million in the second quarter 2021. The increase is related to an increase of existing bank loans with DNB and Sparebanken Møre by a total of NOK 600

million in connection with the acquisition mentioned above. The facilities are unsecured.

The Group is in the process of refinancing the bank facilities maturing in September 2022. Hence, as of 30 September 2021, NOK 1 100 million were classified as short-term debt and available short-term credit facilities amounted to NOK 150 million.

In April 2019, Ekornes QM Holding AS issued a NOK 2.0 billion bond to refinance the Group. The bond was listed on Oslo Stock Exchange on 10 July 2019 under the name "Ekornes QM Holding AS 19/23 FRN FLOOR C" with the ticker: EKO01. Ekornes has call options to redeem the bond with the first expiry date in April 2022. The bond matures in October 2023. The company has initiated the process of evaluating a refinancing process to find an optimal long term financing structure.

Financial covenants

The bond agreement is subject to a set of financial covenants, including a minimum liquidity of NOK 125 million and a maximum leverage ratio of 5.25. The covenants are measured quarterly on a 12-month rolling basis for Ekornes QM Holding Group.

The bond and bank agreements also includes restrictions on dividend payments from Ekornes QM Holding AS, and Ekornes QM Holding AS is not in position to distribute any dividends.

During the third quarter of 2021 and as of 30 September 2021, Ekornes was compliant with all covenant requirements in the bond agreement. The leverage ratio at the end of the third quarter 2021 was 3.23, well within prevailing requirements.

CASH FLOW

		Q3 2021	Q3 2020	Q2 2021	YTD Q3 2021	YTD Q3 2020	Y 2020
Net cash flow from operating activities	MNOK	52,0	40,4	80,5	116,0	193,9	290,5
Net cash flow from investing activities	MNOK	-27,5	-28,3	-15,8	-75,1	-50,0	-77,7
Net cash flow from financing activities	MNOK	-172,7	-9,5	-15,1	-204,0	-41,0	-71,0
Change in net cash & cash equivalents	MNOK	-148,1	2,5	49,6	-163,1	102,9	141,8
Effect of exchange gains / (losses) on cash and cash equivalents	MNOK	4,9	2,5	-1,5	5,8	6,3	0,0
Net cash & cash equivalents at the start of the period	MNOK	440,5	417,1	392,4	454,6	312,8	312,8
Net cash & cash equivalents at the close of the period	MNOK	297,2	422,0	440,5	297,2	422,0	454,6

Net cash flow from operating activities in the third quarter 2021 was NOK 52 million (40). A strong earnings contribution during the quarter was partly offset by an increase in working capital, driven by a NOK 124 million increase in inventories. Trade receivables and trade payables decreased by NOK 72 million and NOK 12 million respectively during the quarter. Changes in other time limited records were negative at NOK 54 million during the quarter (-21). Cash flow from operations for the first nine months of 2021 was NOK 116 million (194).

Net cash flow from investing activities was negative NOK 27 million in the quarter (-28), all related to ongoing investments in day-to-day operations and increasing capacity at production facilities. To ensure liquidity and financial solidity, Ekornes reduced investments to a minimum at the onset of Covid-19. Following a strong recovery in demand, maintenance investments have returned to normal levels in 2021. Cash flow from investment activities during the first nine months of 2021 was NOK -75 million (-50).

Net cash flow from financing activities was negative at NOK 173 million during the quarter (-10). The negative cash flow follows Ekornes QM Holding AS' purchase of Huatai Securities' ownership share of 9.5% in Ekornes Holding AS of NOK 741 million, which was mainly funded by drawing NOK 600 million on short-term debt. Cash flow from financing activities for the first nine months was negative at NOK 204 million (-41).

Net change in cash and cash equivalents was negative NOK 148 million during the quarter and as of 30 September 2021, total holdings of cash and cash equivalents amounted to NOK 297 million, down from NOK 422 million 12 months earlier and NOK 441 million at the end of the second quarter 2021.

SEGMENTS

The division into product areas is based on the Group's management and internal reporting structures and coincides with the division into segments.





Stressless®

		Q3 2021	Q3 2020	Q2 2021	YTD Q3 2021	YTD Q3 2020	Y 2020
Gross operating revenue	MNOK	780,5	580,9	792,4	2 317,4	1 728,8	2 539,1
Gross operating earnings (EBITDA)	MNOK	175,8	114,5	161,8	520,4	282,4	502,1
Operating earnings (EBIT)	MNOK	115,3	60,3	108,8	353,4	116,5	276,1
Operating margin (EBIT)		14,8%	10,4%	13,7%	15,2%	6,7%	10,9%

The positive market development for Stressless® continued in the third quarter with strong order receipts across markets, with North America as the main driver. Total revenues ended at NOK 781 million, up 34% from third quarter of 2020. Compared to the previous quarter, sales were down 2%. Total sales for the first nine months of the year amounted to NOK 2 317 million, a 34% increase from the corresponding period in 2020.

Operating earnings (EBIT) for the quarter ended at NOK 115 million (60), corresponding to an operating margin of 14.8% (10.4%). The margin was positively impacted by improved operational efficiency, particularly due to better capacity utilization.

In North America, the strong performance from the previous quarter continued, with record-high order intake during the summer months. While inventory levels in general for furniture manufacturers in the US are at all-time low levels, the ability of Stressless® to deliver continues to be a competitive advantage. Despite a slower reopening, Canada is also showing a positive development and catching up with the US market in sales performance.

Power maintains its leading position in the Stressless® collection in North America. In the recliner line-up, Stressless® Mike & Max sales are strong. This is despite challenges in obtaining necessary container space on vessels out of Thailand. In the power sofa line-up, Stressless® Mary & Emily are the strongest selling products. Sales are expected to continue to grow as new variants of Stressless® Emily are introduced.

In Europe, the strong rebound seen in the second quarter continued in the third quarter. While Central Europe has been slower due to lengthier periods with restrictions, Southern Europe has experienced a solid growth in order intake following positive response to the introduction of new products.

Challenging logistics and higher prices on raw materials have increased costs and Stressless® has taken actions to address the situation, mainly through price increases and discontinuing campaigns. Even under these conditions, Stressless® has managed to maintain sales levels, confirming the brand's strong position in Europe.

In Australia and New Zealand, the third quarter was impacted by the renewed spread of Covid-19, closing important markets for the best part of the quarter. The lockdowns have further postponed the introduction of Stressless® Mike & Max to these markets until November. However, as the stores are expected to reopen during October, combined with the outlook for general economic growth, sales are expected to bounce back to the strong levels seen during the second quarter.

The Covid-19 pandemic continues to impact the Chinese markets, with the virus spreading in shorter, but more frequent waves than earlier. The growth in order intake is still significant for the first nine months of 2021 compared to the same period last year. In other Asian markets, Stressless® has performed well, with a solid order intake. The strength of a local presence and a relevant, wide product offering confirm the strong position of Stressless® in the Asian markets.

Key to the strong Stressless® performance is the company's ability to deliver, even when order intake is at record levels and production capacity is running near full. Combined with a strong response to new product offerings, the solid performance is expected to continue. Stressless® ended the third quarter with full warehouses, which positions the company to further growth going forward.

Going forward, the priority for Stressless® is to capitalize on the retailer relationships strengthened during these extraordinary times and on the strong market response to the company's portfolio of new power products. Furthermore, pricing and campaign programs are closely monitored and are expected to be adjusted, countering the cost increases seen across the board.

IMG

		Q3 2021	Q3 2020	Q2 2021	YTD Q3 2021	YTD Q3 2020	Y 2020
Gross operating revenue	MNOK	184,7	178,0	204,1	607,9	451,5	671,7
Gross operating earnings (EBITDA)	MNOK	33,7	46,6	44,2	128,2	98,5	149,9
Operating earnings (EBIT)	MNOK	9,8	28,6	24,8	65,3	44,3	75,4
Operating margin (EBIT)		5,3%	16,1%	12,1%	10,7%	9,8%	11,2%

IMG's third quarter performance was solid but not as buoyant as seen during the first half of the year or compared to the corresponding period in 2020. Results were dampened by Covid-related closures of factories in both Thailand and Vietnam during the quarter, impacting IMG's ability to book invoiceable revenue. This in part also explains the high order reserve, which at quarter end stood at more than NOK 350 million.

Supply chain challenges remained a limiting factor for the business during the quarter. Shipping rates also reached new peak levels during the quarter, crimping the overall business performance in terms of both profitability and the ability to invoice as customers postponed shipments.

These risks remain with the business for the foreseeable future, although the recent evidence is of some easing of shipping rates at least. However, IMG's vertically integrated production and robust supply chain as part of a larger group places the business in a stronger position than many peers. Demand for products within the home furnishings segment has also continued to hold up better than expected.

Operating revenue for the quarter was NOK 185 million, a 4% increase compared to the same period in 2020. Quarter-on-quarter, operating revenue was 9% lower, but year-to-date 35% ahead of the comparable 2020 figure.

As has been the case year to date, North America drove the performance, with the USA especially strong. Australia recorded a dip in invoiced figures compared to third quarter 2020, being more impacted by the Thailand closure than North America. Norway saw growth from a year-on-year perspective, benefitting from its ability to increasingly source from the Lithuanian facility. The benefits from IMG's global production capability were proven in the company's overall business performance.

Operating earnings for the quarter were NOK 10 million, down 66% from the corresponding period in 2020, which represented a record second quarter in terms of profitability. Year-to-date, operating earnings remains ahead of 2020 at NOK 65 million (44), up 47% on 2020.

Order intake for the quarter stood at NOK 225 million and was significantly impacted by weaker than expected performance in the APAC region where lockdowns, especially in Australia, influenced the figures. Thus, orders were 24% behind the record of Q3 2020. Year to date, the situation remains positive with orders placed standing at NOK 769 million, 37% up on 2020.

Based on the strong order reserve, reopening of Asian production facilities and well-established distribution networks, particularly for core markets in North America, the outlook for IMG remains strong. Supply chain risks remain the biggest threat to the performance, coupled with the expectation that the home furnishings segment looks to be moving into a more challenging trading period as travel opens globally, or at least regionally. Regardless, IMG is well placed from both a supply chain and customer development point of view to continue to deliver strong results.





Svane®

		Q3 2021	Q3 2020	Q2 2021	YTD Q3 2021	YTD Q3 2020	Y 2020
Gross operating revenue	MNOK	75,2	73,4	63,0	218,5	180,2	270,9
Gross operating earnings (EBITDA)	MNOK	7,4	5,6	-0,5	10,7	11,1	17,9
Operating earnings (EBIT)	MNOK	6,5	4,9	-1,4	8,1	9,3	15,2
Operating margin (EBIT)		8,7%	6,7%	-2,3%	3,7%	5,1%	5,6%

The positive trend seen in the second quarter for Svane®'s performance in Norway continued in the third quarter. The market was characterized by strong demand and high activity, with stores fully open and looser Covid-19 related restrictions. As within the industry in general, prices have been adjusted to account for an increased cost base. Sales for Svane® products have still been stronger relative to peers, thereby increasing the market share of Svane® in the Norwegian market. The Group's ability to deliver is also the case for Svane®, giving reliable and timely deliveries for the brand.

Operating revenue came in at NOK 75 million for the quarter, up 2% from the corresponding period in 2020. Operating earnings (EBIT) ended at NOK 6 million, a 32% increase compared to the same period in 2020. The improvement in earnings is mainly due to higher sales following stronger demand and higher activity during the quarter.

In Central Europe, demand is picking up after a somewhat slow start after stores reopened. Both sale of mattresses and the most common beds developed positively during the quarter.

In Denmark, sales were negatively impacted by fierce competition and aggressive pricing. However, this trend is expected to be temporary until the increased cost base across the industry comes more into effect. In Finland the negative trend continues due to limited "home nesting" effects and a shift in market trends to alternative solutions outside the Svane® offering.

For the remainder of the year, demand for beds and mattresses is expected to slightly decrease as prices increase combined with less consumer spending on household items as "home nesting" effects subside. Securing access to raw materials and distribution capacity remains a key focus for the Ekomnes Group, which will support the company's ability to deliver going forward. Entering the fourth quarter, the order reserve is stable and expected to increase slightly with a high activity level. Furthermore, Svane® is closely collaborating with key customers to launch new and relevant products in 2022.



OUTLOOK

Entering the remainder of 2021, the strong market momentum experienced for all brands is expected to persist. While the economy continues to recover from the pandemic and sales are expected to gradually move back to pre-pandemic levels, the outlook for Ekornes remains positive, entering the fourth quarter with a record-high backlog and full warehouses.

Shutdowns seen in markets during the third quarter is a reminder that the pandemic is not over and is likely to impact markets going forward. Ekornes has increased production and is well-positioned to serve customers with timely delivery of relevant products also under challenging market conditions, while safeguarding operations, partnerships and financial flexibility.

Supply chain challenges and exceptional freight rates have become increasing risk factors for the industry. Ekornes took early action and secured access to raw materials and transportation capacity, positioning the Group well in the short to medium term. However, the situation is continuously assessed as these risks remain for the foreseeable future.

The company's financial position is solid. Ekornes intends to optimize the financing structure to maintain financial flexibility and be positioned for future market opportunities.

RELATED PARTIES

The Group's related parties comprise members of the board and management, as well as companies those individuals' control or have a significant influence over.

Ruihai Zhao, who chairs the board of directors, is one of the primary shareholders of Qumei Home Furnishings Group. IMG sells furniture in the Chinese market through Qumei's stores in China. The agreement regulating these transactions has been entered into at market terms and based on the arm's length principle.

30 July 2021, Ekornes QM Holding acquired the remaining 9.5% of the shares in Ekornes Holding AS from Huatai Securities for NOK 741 million. Following the transaction Ekornes QM Holding controls all shares in Ekornes Holding AS.

No other material transactions were undertaken with related parties in the quarter.



H & S

As of 30 September 2021, Ekornes employed a total of 3 220 people, of which about 40% were employed in Norway.

Ekornes gives high priority to the safety of its workforce and aims for zero work-related personal injuries. The Group is working actively in the areas of prevention and emergency preparedness to reduce the number of personal injuries incurred. There were 4 lost-time injuries in the third quarter 2021. This gives an H1-value for the period of 2,5 compared to 3,3 in the same period the year before.

The Group had a sickness absence rate of 6,0% in the third quarter 2021, compared to 1,9% in the same quarter in 2020.

MANAGEMENT CHANGES

During the first quarter, Fredrik Ødegård Nilsen was appointed new CFO of the company, effective from April 1, 2021. Mr. Nilsen came from the position of SVP Strategy and Business Developments and has been part of Ekornes' corporate management group since August 2020.

RISKS AND UNCERTAINTIES

Ekornes' business risk relates to fluctuations in the economic cycle, changes in market conditions, competitors, political and legal conditions as well as general patterns of consumption in the markets in which the Group operates.

Following outbreaks of Covid-19 in 2020, Ekornes experienced a severe demand drop during the first months. However, due to the "cocooning" effect with increased consumer spending on home refurbishment and furniture, the company experienced a significant rebound during the second half of 2020 which has continued in the first nine months of 2021. At the same time, with new and more contagious mutations of the COVID-19 virus still impacting markets, Ekornes must be prepared for lower economic activity and consumer spending that may affect demand for Ekornes' products, its sales channels, and other parts of the value chain. The length and scale of the Covid-19 situation remains uncertain. In the somewhat longer term, "home nesting" effects are expected to subside, which might negatively impact demand for Ekornes' products.

The sharp short-term sales decline in March-May 2020 proved the increased need for resilience in an uncertain world. Due to the ongoing pandemic and its effects on economies, markets and people, Ekornes has initiated a series of operational and financial actions to mitigate market, operational and financial risk.

With the Covid-19 pandemic lasting, logistics and transportation have become an increasing challenge, impacting both the ability to bring products to market, but also to secure access to input factors. Ekornes has taken actions to secure access to crucial raw materials and transportation services. However, the situation is expected to increase input prices. Ekornes follows the situation closely and regularly reviews its pricing strategy to account for an increased cost base.

In general, Ekornes is exposed to risk on both the sales and purchasing sides of business in several different geographic markets. When parts of the dealer network were shut down in the first half year 2020, Ekornes accelerated initiatives to address sales and distribution risk, including introducing an e-commerce platform in cooperation with its dealer network in 11 new countries in two weeks. The company also took actions to secure access to critical components, establishing relations with alternative suppliers, and increasing inventory as a buffer to secure operations.

Furthermore, Ekornes has production facilities in Norway, Lithuania, Vietnam, Thailand and the USA. This means that the company's market, currency and sourcing risks have a certain natural diversification, at the same time as its competitiveness is affected by changes in exchange rates versus the NOK. The Group seeks to minimize this risk by making use of various forms of hedging, such as currency forward contracts.

Product development and the launch of new concepts is one part of Ekornes' growth strategy. How the market responds to new products is always uncertain. In addition, there is always a risk of unforeseen operational problems which could result in higher operating costs and lower earnings than predicted or expected.

Reference is otherwise made to the 2020 Annual Report for more detailed information about the Group's risk factors and risk management.

EVENTS AFTER THE BALANCE SHEET DATE

In October, the Board of Directors of Ekornes QM Holding AS and Ekornes Holding AS approved the merger of the two companies to simplify the group structure. The merger is expected to be completed in December 2021. Ekornes Holding AS will be dissolved as a result of the merger.

No other significant events have occurred between the balance sheet date and the date of publication of the financial statements which have materially affected the Company's financial position, and which should have been reflected in the financial statements presented here. No material events have occurred from the balance sheet date until the publication of the financial statements that have had any material impact on the Group's financial position and that should have been reflected in the published financial statements.

Oslo, October 29th, 2021
The board of Ekornes QM Holding AS

Ruihai Zhao
Chair

Mogens Falsig
Director and CEO



CONSOLIDATED INCOME STATEMENT

(Figures in MNOK, except per share data)	Note	Q3 2021	Q3 2020	Q2 2021	YTD Q3 2021	YTD Q3 2020	Y 2020
Gross operating revenue	2	1 040,5	832,3	1 059,5	3 143,8	2 360,5	3 481,7
Cost of goods sold		302,0	207,4	294,9	861,3	601,3	910,1
Payroll expenses		268,8	250,3	317,1	884,5	706,7	1 017,9
Depreciation and write downs	5	85,2	72,8	73,3	232,5	221,9	303,2
Other operating expenses		248,3	208,8	237,9	746,2	615,1	874,8
Net other losses (gains)	3	-4,9	0,5	4,6	-15,5	47,8	12,3
Total operating expenses		899,5	739,7	927,8	2 709,0	2 192,8	3 118,3
Operating earnings (EBIT)		131,3	92,6	131,7	425,0	167,7	363,4
Financial income		1,9	2,2	1,6	5,5	9,2	12,0
Net gains (losses) on foreign exchange		3,7	4,6	7,2	4,9	44,8	13,0
Financial expenses		47,5	45,7	43,7	138,3	170,3	210,3
Net financial items		-41,9	-39,0	-34,9	-127,8	-116,4	-185,3
Earnings before tax (EBT)		89,4	53,6	96,8	297,2	51,3	178,1
Calculated tax cost (Income)		17,0	12,2	18,7	57,7	15,1	35,7
Net earnings		72,3	41,4	78,1	239,5	36,3	142,4
Earnings are attributable to:							
Controlling interests		66,5	34,5	67,8	211,8	21,7	114,9
Non-controlling interests		5,8	6,9	10,3	27,7	14,5	27,5
Earnings per share		2 411,5	1 380,4	2 603,7	7 982,4	1 208,4	4 746,0
Earnings per share (diluted)		2 411,5	1 380,4	2 603,7	7 982,4	1 208,4	4 746,0

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Figures in MNOK)	Note	Q3 2021	Q3 2020	Q2 2021	YTD Q3 2021	YTD Q3 2020	Y 2020
Net earnings		72,3	41,4	78,1	239,5	36,3	142,4
Other income and expenses:							
Items which can be reclassified to earnings and loss:							
Translation differences	5	7,4	-29,4	3,7	-11,9	103,7	-2,9
Total other income and expenses		7,4	-29,4	3,7	-11,9	103,7	-2,9
Total comprehensive income		79,7	12,0	81,8	227,6	140,0	139,4

CONSOLIDATED BALANCE SHEETS

(Figures in MNOK)	Note	30.9.2021	30.09.2020	30.6.2021	31.12.2020
ASSETS					
Non-current assets					
Buildings and sites		958,3	1 018,7	969,6	1 001,6
Machinery and equipment		273,4	290,8	275,7	278,7
Operating movables and fixtures		23,5	21,6	31,6	26,3
Assets under construction		40,2	9,2	19,1	19,3
Right-of-use assets	7	134,4	138,4	143,0	152,9
Total property, plant & equipment		1 429,7	1 478,7	1 439,0	1 478,8
Software and licenses		24,6	45,6	46,7	45,0
Brand name	5	1 531,0	1 571,7	1 541,2	1 561,5
Goodwill	5	1 561,1	1 561,1	1 561,1	1 561,1
Customer relations	5	1 178,9	1 333,5	1 180,3	1 222,0
Deferred tax assets		86,4	75,9	88,0	67,6
Total non-current intangible assets		4 382,0	4 587,8	4 417,3	4 457,2
Other receivables and investments		21,7	18,0	20,8	20,9
Total non-current financial assets		21,7	18,0	20,8	20,9
Total non-current assets		5 833,5	6 084,5	5 877,1	5 956,9
Current assets					
Inventory		1 156,9	733,3	1 033,4	818,1
Trade receivables		442,9	384,1	515,1	415,6
Forward currency contracts	3	10,6	0,0	13,0	22,7
Other short-term receivables		97,1	80,3	92,2	80,3
Cash and bank deposits		297,2	422,0	440,5	454,6
Total current assets		2 004,8	1 619,7	2 094,1	1 791,3
TOTAL ASSETS		7 838,3	7 704,2	7 971,2	7 748,2

CONSOLIDATED BALANCE SHEETS

(Figures in MNOK)	Note	30.9.2021	30.09.2020	30.6.2021	31.12.2020
EQUITY AND LIABILITIES					
Equity					
Contributed equity					
Share capital	8	0,1	0,1	0,1	0,1
Premium paid		2 807,4	2 807,4	2 807,4	2 807,4
Total contributed equity		2 807,5	2 807,5	2 807,5	2 807,5
Retained earnings					
Translation difference		48,8	158,0	44,0	61,5
Other equity		182,1	107,4	345,8	200,6
Total retained earnings		231,0	265,4	389,8	262,0
Owner of the company		3 038,5	3 072,9	3 197,3	3 069,5
Non-controlling interests		0,0	497,2	502,4	500,0
Total equity		3 038,5	3 570,1	3 699,7	3 569,5
Non-current liabilities					
Pension liabilities		8,3	7,2	7,8	8,4
Provisions		3,2	4,0	3,1	3,6
Deferred tax		804,7	885,5	813,4	841,9
Lease liabilities	7	106,0	108,4	109,3	119,3
Interest-bearing debt - Bond	6	2 008,0	2 002,5	2 007,7	2 001,3
Interest-bearing debt - Bank	6	0,0	500,0	500,0	500,0
Total non-current liabilities		2 930,1	3 507,6	3 441,3	3 474,6
Current liabilities					
Trade payables		248,3	178,0	235,6	243,2
Public charges payable		63,0	59,5	98,0	77,4
Tax payable		111,0	56,5	110,4	62,7
Forward currency contracts	3	0,0	11,3	0,0	0,0
Interest-bearing debt - Bank	6	1 100,0	0,0	0,0	0,0
Dividend		0,0	22,5	18,9	9,2
Lease liabilities	7	35,6	34,5	40,3	38,9
Other current liabilities		311,8	264,2	327,0	272,6
Total current liabilities		1 869,7	626,5	830,2	704,1
Total liabilities		4 799,8	4 134,1	4 271,4	4 178,7
TOTAL EQUITY AND LIABILITIES		7 838,3	7 704,2	7 971,2	7 748,2

CONSOLIDATED STATEMENT OF CASH FLOWS

(Figures in MNOK)	Q3 2021	Q3 2020	Q2 2021	YTD Q3 2021	YTD Q3 2020	Y 2020
Cash flows from operating activities						
Earnings before tax (EBT)	89,4	53,6	96,8	297,2	51,3	178,1
Tax paid for the period	-30,5	-2,4	-25,6	-63,0	-20,7	-38,2
Depreciation and write downs	85,2	72,8	73,3	232,5	221,9	303,2
Change in inventory	-123,5	-90,9	-124,4	-338,8	-157,8	-242,7
Change in trade receivables	72,2	-26,5	-37,3	-27,3	-2,2	-33,7
Change in trade payables	12,7	54,7	27,3	5,1	24,8	90,1
Change in other time limited records	-53,5	-20,9	70,3	10,3	76,7	33,7
Net cash flow from operating activities	52,0	40,4	80,5	116,0	193,9	290,5
Cash flows from investing activities						
Proceeds from sale of PP&E	0,0	0,0	-0,6	0,2	0,8	2,7
Payments for purchase of PP&E	-27,5	-28,3	-15,2	-75,3	-50,7	-80,4
Net Cash flows from investing activities	-27,5	-28,3	-15,8	-75,1	-50,0	-77,7
Cash flows from financing activities						
Payment of lease liabilities	-12,8	-9,5	-11,2	-36,1	-31,8	-48,5
Payment of dividend	-18,9	0,0	-3,9	-26,9	-9,2	-22,4
Change in net short-term debt to credit institutions	600,0	0,0	0,0	600,0	0,0	0,0
Transactions with non-controlling interests	-741,0	0,0	0,0	-741,0	0,0	0,0
Net cash flow from financing activities	-172,7	-9,5	-15,1	-204,0	-41,0	-71,0
Change in net cash & cash equivalents	-148,1	2,5	49,6	-163,1	102,9	141,8
Effect of exchange gains / (losses) on cash and cash equivalents	4,9	2,5	-1,5	5,8	6,3	0,0
Net cash & cash equivalents at the start of the period	440,5	417,1	392,4	440,5	417,1	312,8
Net cash & cash equivalents at the close of the period	297,2	422,0	440,5	297,2	422,0	454,6
Restricted cash at the end of the period*	141,7	139,0	154,9	141,7	139,0	152,3
Unrestricted cash at the end of the period	155,6	283,0	285,6	155,6	283,0	302,3

In the statement of cash flow, cash and bank deposits are recognized as cash.

* In April 2019, Ekornes QM Holding AS issued a stock exchange bond to refinance the Group and part of the condition is to have a minimum liquidity in Ekornes QM Holding AS of NOK 125 million. The rest of the restricted cash on 30 September 2021 are related to the payment of employee tax deductions.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Figures in MNOK)	Share capital	Premium paid	Translation difference	Other equity	Sum	Non-controlling interests	Total equity
Equity 31.12.2019	0,1	2 807,4	64,1	85,7	2 957,3	493,9	3 451,2
Earnings for the period	0,0	0,0	0,0	114,9	114,9	27,5	142,4
Other comprehensive income	0,0	0,0	-2,7	0,0	-2,7	-0,3	-2,9
Dividend	0,0	0,0	0,0	0,0	0,0	-21,1	-21,1
Equity 31.12.2020	0,1	2 807,4	61,5	200,6	3 069,5	500,0	3 569,5
Equity 31.12.2020	0,1	2 807,4	61,5	200,6	3 069,5	500,0	3 569,5
Earnings for the period	0,0	0,0	0,0	211,8	211,8	27,7	239,5
Other comprehensive income	0,0	0,0	-12,6	0,0	-12,6	0,7	-11,9
Dividend*	0,0	0,0	0,0	0,0	0,0	-17,6	-17,6
Acquisition of non-controlling interests**	0,0	0,0	0,0	-230,2	-230,2	-510,8	-741,0
Equity 30.9.2021	0,1	2 807,4	48,8	182,1	3 038,5	0,0	3 038,5

*Dividend from Ekornes Holding AS

On 12 May 2021 an ordinary General Assembly was held in Ekornes Holding AS. The general meeting resolved to approve the year-end financial statements for the Company, directors' report and audit statement for 2020. The Board furthermore resolved, in accordance with the proposal of the Board, that NOK 17,6 million was distributed as a dividend to Ruisi Holding Company and a group contribution of NOK 168,0 million was distributed to Ekornes QM Holding AS.

(Figures in MNOK)		Group Contribution	Dividend	Total
Ekornes QM Holding AS	90,5%	168,0	0,0	168,0
Ruisi Holding Company Limited	9,5%	0,0	17,6	17,6
Total	100,0%	168,0	17,6	185,6

**Acquisition of non-controlling interests

30 July 2021, Ekornes QM Holding acquired the remaining 9.5% of the shares in Ekornes Holding AS from Huatai Securities for NOK 741 million. Following the transaction Ekornes QM Holding controls all shares in Ekornes Holding AS.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 Accounting principles

The consolidated financial statements for the third quarter 2021, closed as at 30 September 2021 have been prepared in accordance with International Financial Reporting Standards (IFRS) as approved by the EU, and include Ekornes QM Holding AS and its subsidiaries.

The interim report has not been audited. The interim report does not include all the information required of a complete set of year-end financial statements and should therefore be read in conjunction with the consolidated financial statements for 2020. The 2020 annual report, which contains the Group's consolidated financial statements and the financial statements for the parent company Ekornes QM Holding AS, may be found on the company's website <https://www.ekornes.com/en/investor-relations/reports>.

The accounting principles used in the preparation of these interim financial statements are the same as those applied to the consolidated financial statements for 2020.

NOTE 2 Business areas – segments - markets

Segments

The division into product areas is based on the Group's management and internal reporting structures and coincides with the division into segments.

Ekornes QM Holding Group's business is divided into the segments/product areas:

- Stressless®, which covers the Stressless® product area
- Svane®, which covers the Svane® product area
- IMG, which covers the IMG product area

The Group's administration expenses and other shared overheads are allocated to the segments. Internal pricing between the segments is based on arm's length prices at corresponding terms as transactions with independent third parties. Management regularly monitors the business segments' profit/loss and uses this information to perform analyses of their performance and to make decisions regarding resource allocation. Each segment's performance is assessed on the basis of its operating profit and is measured consistently with the operating profit in the consolidated financial statements.

Information relating to the Group's reportable business segments is presented below:

(Figures in MNOK)	Q3 2021	Q3 2020	Q2 2021	YTD Q3 2021	YTD Q3 2020	Y 2020
Revenues per segment						
Stressless®	780,5	580,9	792,4	2 317,4	1 728,8	2 539,1
IMG	184,7	178,0	204,1	607,9	451,5	671,7
Svane®	75,2	73,4	63,0	218,5	180,2	270,9
Total	1 040,5	832,3	1 059,5	3 143,8	2 360,5	3 481,7
EBITDA per segment						
Stressless®	175,8	114,5	161,8	520,4	282,4	502,1
IMG	33,7	46,6	44,2	128,2	98,5	149,9
Svane®	7,4	5,6	-0,5	10,7	11,1	17,9
Other/eliminations *	-0,4	-1,3	-0,5	-1,7	-2,4	-3,3
Total	216,5	165,4	205,0	657,6	389,7	666,6
EBIT per segment						
Stressless®	115,3	60,3	108,8	353,4	116,5	276,1
IMG	9,8	28,6	24,8	65,3	44,3	75,4
Svane®	6,5	4,9	-1,4	8,1	9,3	15,2
Other/eliminations *	-0,4	-1,3	-0,5	-1,7	-2,4	-3,3
Total	131,3	92,6	131,7	425,0	167,7	363,4
Operating revenues by market						
Norway	123,1	119,1	130,8	421,3	340,4	503,4
Other Nordic	45,3	54,3	61,9	167,4	145,1	204,3
Central Europe	159,8	126,2	147,2	513,6	448,8	640,0
Southern Europe	41,6	49,0	90,1	198,2	141,7	195,6
United Kingdom/Ireland	85,0	59,5	45,6	179,2	152,6	229,7
USA/Canada/Mexico	371,8	248,3	411,7	1 089,0	706,8	1 054,8
Japan	40,0	37,1	27,4	99,0	89,4	138,2
Australia	103,7	74,8	82,8	270,8	189,6	286,0
China	38,5	31,3	33,0	111,8	64,5	110,3
Other Markets	31,7	32,8	29,1	93,4	81,6	119,4
Total	1 040,5	832,3	1 059,5	3 143,8	2 360,5	3 481,7

* Other/eliminations contain results from activities carried out by the parent company and other non-production-oriented companies in the group.

NOTE 3 Currency

The Group sells its products internationally and bills its customers primarily in the respective countries' own currencies. The Group manages all matters related to currency and foreign exchange risk from head office. Currency hedging is an integral part of The Group's operational activities. As part of the company's efforts to reduce its foreign exchange risk/currency exposure The Group also seeks to purchase goods and services for use in Norway on international markets, where cost-effective. Together with the Group's distribution, sales and marketing activities, and associated administrative organization, this provides natural operational hedging of the company's foreign exchange risk (natural hedging) for part of its cash flow.

In addition to natural hedging, the company uses forward contracts for additional currency hedging. This does not reduce the long-term foreign exchange risk but provides predictability within the hedging horizon. According to the group's strategy, 80 per cent of the expected currency exposure in the coming six-month period is hedged in currencies where the expected annual exposure exceeds NOK 75 million, and correspondingly for 50 per cent of the expected exposure in the coming 6-12-month period. Financial risk is primarily associated with fluctuations in exchange rates and the ability of the Group's customers to pay what they owe. The Group's competitiveness is affected, over time, by movements in the value of the NOK in relation to other currencies. The Group actively seeks to limit this risk.

Forward contracts

In 2020 and 2021, the Group entered into forward contracts, and all realised and unrealised gains and losses associated with these contracts are recognised in net other losses/(gains). In the first nine months of 2021, these contracts resulted in a NOK 27,6 million in realised gain and a unrealised loss of 12,1 million. All contracts that are open as of 30 September 2021 fall due for payment in the next 12 months. As of 30 September 2021, the market value of existing forward currency contracts came to NOK 10.6 million.

(Figures in MNOK)

Total net other losses/(gains) comprises:	YTD Q3 2021	YTD Q3 2020
Realised losses/(gains) on new forward contracts	-27,6	39,0
Change in value of realised and unrealised contracts	-12,1	-8,7
Net other losses/(gains)	-15,5	47,8

The following net foreign exchange volume was undertaken in the first nine months of 2021:

Currency	Volume in Currency (Million)	Average exchange rate (in NOK)
AUD	11,1	6,53
DKK	41,5	1,44
EUR	28,3	10,75
GBP	7,6	11,97
USD	12,7	9,12

NOTE 4 No. of employees

	30.9.2021	30.9.2020	30.6.2021	31.12.2020
Employees in Norway	1 293	1 093	1 255	1 152
Employees abroad	1 927	1 507	1 926	1 694
Total	3 220	2 600	3 181	2 846

NOTE 5 Goodwill, customer relations and brand names

In connection with the purchase price allocation following the acquisition of Ekornes AS in September 2018, excess values were identified related to brand names, customer relationships, real estate and fixed assets. Customer relationships and brand names are depreciated on a straight-line basis over estimated lifetime. Estimated lifetime customer relationships are rated at 25 years for the Stressless segment and 20 years for the IMG segment. For brands, the estimated lifetime is estimated at 50 years for the Stressless segment and 20 years for the IMG segment. Depreciation expense is included in ordinary depreciation in the income statement. Goodwill is not depreciated in the consolidated financial statements but is tested annually for impairment.

The customer related assets are allocated to the main markets for each segment based on their relative share of revenue. For Stressless, the main markets are USA, Germany and France, while for IMG the main markets are USA, Australia and Norway. The deferred tax liabilities have been calculated based on the applicable legal tax rate for each country. In addition, the customer relations and related deferred tax have been allocated to the main markets and denominated in their functional currencies. Changes in currency rates will cause translation differences, related to the book value of the customer relations and the corresponding DTL, which will be recognized through other comprehensive income ("OCI").

(Figures in MNOK)	Brand name	Goodwill	Customer relationships	Total
Acquisition value 1.1.2021	1 656,4	1 561,1	1 302,3	4 519,8
Accumulated depreciation 31.12.2020	94,9	0,0	141,0	235,9
The period's depreciation	30,5	0,0	44,3	74,8
Accumulated depreciation 30.9.2021	125,4	0,0	185,4	310,8
Accumulated currency translation 31.12.2020	0,0	0,0	60,7	60,7
The period's currency translation differences	0,0	0,0	1,3	1,3
Accumulated currency translation 30.9.2021	0,0	0,0	62,0	62,0
Book value 30.9.2021	1 531,0	1 561,1	1 178,9	4 271,0
Split per segment				
Stressless®	1 318,3	676,6	744,6	2 739,5
IMG	212,7	884,5	434,3	1 531,6
Book value 30.9.2021	1 531,0	1 561,1	1 178,9	4 271,0
	Brand name	Goodwill	Customer relationships	Total
Acquisition value 1.1.2020	1 656,4	1 561,1	1 302,3	4 519,8
Accumulated depreciation 31.12.2019	54,2	0,0	78,0	132,3
The period's depreciation	30,5	0,0	47,5	78,0
Accumulated depreciation 30.9.2020	84,7	0,0	125,6	210,3
Accumulated currency translation differences 31.12.2019	0,0	0,0	44,7	44,7
The period's currency translation differences	0,0	0,0	112,0	112,0
Accumulated currency translation 30.9.2020	0,0	0,0	156,8	156,8
Book value 30.9.2020	1 571,7	1 561,1	1 333,5	4 466,3
Split per segment				
Stressless®	1 346,4	676,6	845,2	2 868,2
IMG	225,3	884,5	488,3	1 598,1
Book value 30.9.2020	1 571,7	1 561,1	1 333,5	4 466,3

NOTE 6 Interest-bearing loans and credit facilities

The Group regularly assesses its capital structure and risk profile.

(Figures in MNOK)

Short-term borrowing agreement 30 September 2021	Credit facility	Amount drawn	Available
DNB	150,0	0,0	150,0

Short-term borrowing agreement 30 September 2021

The Group has a three loan agreements of a total of 1 100 million:

The loan of NOK 350 million in DNB is unsecured. Quarterly installments at NOK 12,5 million,- four times per year with the first installment three months from disbursement date (27 July 2021) of the loan. Final maturity in September 2022. Interest expenses are paid quarterly.

The loan of NOK 500 million in DNB is unsecured. No instalments are payable before maturity in September 2022. Interest expenses are paid quarterly.

The loan of NOK 250 million in Sparebank Møre is unsecured. No instalments are payable before maturity in September 2022. Interest expenses are paid quarterly.

Senior Secured Bond 30 September 2021

In April 2019, Ekornes QM Holding AS issued a stock exchange bond to refinance the Group. The bond was listed on Oslo Stock Exchange 10 July under the name "Ekornes QM Holding AS 19/23 FRN FLOOR C", Ticker: EKO01. No instalments are payable before maturity in October 2023 and interest expenses are paid quarterly. NIBOR is adjusted at the end of each quarter and at 30. September 2021 the coupon was 7.2%. For fourth quarter 2021 the coupon is 7.58%.

Bond	FRN Ekornes QM Holding AS Senior Secured Callable Bond Issue 2019/2023
Ticker:	EKO01
Currency	NOK
Issue Amount	2 000
NIBOR 3M	0,20% (0.58% from 2. October 2021)
Margin	7,00%
Coupon	7,2% (7.58% from 2. October 2021)
Tenor / redemption:	54 months /4,5 years
Settlement Date:	2.4.2019
Maturity Date:	2.10.2023

Financial covenants

The bond agreement is subject to a set of financial covenants, including a minimum liquidity of NOK 125 million and a maximum leverage ratio of 5.25. The covenants are measured quarterly on 12 months rolling basis for Ekornes QM Holding Group. Leverage ratio at the end of the third quarter 2021 was 3,23.

The loan agreement with DNB and Sparebank Møre s subject to a set of financial covenants, including a minimum equity ratio of 30% of total consolidated balance and maximum NIBD/EBITDA ratio of 3.5. The covenants are measured on 12 months rolling basis for Ekornes group.

During 2021 and on 30 September 2021 , the group was compliant with all covenants under the bank- and the bond agreements.

The bond and bank agreement also includes restrictions on dividend payments from Ekornes QM Holding AS and Ekornes QM Holding AS is not in position to distribute dividends on 30 September 2021.

NOTE 7 Leasing

The Group has entered into several different operational leasing agreements. The leasing agreements are primarily associated with non-Norwegian subsidiaries. The operating movables and machinery are leased in a 3-5-year period, while several of the office and warehouse have a longer time frame. Some of the office and warehouse space leases have extension options and this has been considered.

(Figures in MNOK)

Right of use assets	Total
Balance at 31.12.2020	152,9
Depreciations	-35,4
Additions	20,5
Disposals	-0,1
Currency exchange differences	-3,5
Balance at 30.9.2021	134,4
Lease liabilities	
Maturity analysis - contractual undiscounted cash flows	
Less than one year	38,7
One to five years	86,5
More than five years	27,8
Total undiscounted lease liabilities at 30.9.2021	153,0
Lease liabilities included in the statement of financial position at 30.9.2021	
Current	35,6
Non-current	106,0

NOTE 8 Shares and shareholders

As of 30 September 2021 Ekornes QM Holding AS's registered share capital comprised 30 000 ordinary shares. All shares have a face value of NOK 4.00. All shares in the company have equal voting and dividend rights. All shares give equal rights to the company's net assets.

Ekornes QM Holding AS has no treasury shares as of 30 September 2021.

As of 30 September 2021, the company's sole shareholder was

Shareholder	Country	No. of shares held	Percentage
Qumei Runto S.A.R.L.	Luxembourg	30 000	100%

As of 30 September 2021, the board has been granted the following authorizations:

The board has been granted no authorizations.



EKORNES®

EKORNES QM Holding AS

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