



Ekornes QM Holding Group
Financial statements for the fourth quarter
and full-year 2021

EKORNES®

HIGHLIGHTS

Fourth quarter and full year 2021 results

- Continued strong demand across markets and segments led to record operating revenue and order reserve for Q4 and the full year 2021
- Q4 2021 operating revenue increased 5% from Q4 2020 to NOK 1 174 million, while full year revenue increased 24% to NOK 4 318 million
- Strong sales in all markets lifted full year underlying sales revenue for Stressless® 25% to NOK 3 167 million, IMG revenue 27% to NOK 850 million and Svane® revenue 11% to NOK 301 million
- Full year EBIT was NOK 514 million (363), reflecting higher sales and improved capacity utilization
- Q4 2021 EBIT was NOK 89 million (196), impacted by higher logistics and raw material costs and somewhat longer lead times for Stressless® deliveries
- Net cash flow from operations was positive NOK 125 million for the quarter (97) and NOK 241 (290) for the full year
- Q4 order receipts increased 7% from Q4 2020 to NOK 1 258 million and all-time high order reserve at year end of NOK 1 380 million
- Impact from cost inflation expected to be offset by price increases during 1H 2022
- Ekornes is evaluating a refinancing process to find an optimal long-term financing structure



CONTINUED STRONG MOMENTUM DRIVING SALES

The strong market momentum for Ekornes continued in the fourth quarter of 2021, driving full year revenues and the order reserve to record high levels. Consumer demand for furniture remained high during the period, and both Stressless® and IMG made strong progress in all key markets, with North America leading the way. In Europe and the APAC region, sales picked up alongside the gradually easing of Covid-related restrictions.

Throughout the year, Ekornes has prioritized operational and financial flexibility to maintain ability to deliver under rapidly changing market conditions. Along with persisting high demand, production capacity has been increased and maintained at a high level.

Challenging logistics and higher prices on critical input factors have increased the overall cost base for the company. Mitigating actions were taken at an early stage to address the situation, mainly through price increases. Furthermore, in a situation of sea freight constraints, significant efforts have been taken to securing distribution capacity, limiting the impact on operations. However, supply chain risks and price increases remain challenges across the industry for the foreseeable future, and the situation is being closely monitored to safeguard operations and ensure timely deliveries.

Ekornes has a relentless focus on optimizing efficiency and is currently integrating production of Stressless® and IMG to create synergies across the two segments.

Along with Stressless® entering new product categories such as outdoor, dining and sleeping, the Group plans to simplify current market segmentation to better reflect the product categories. For the sleeping segment, Svane® will remain the selling brand in the Nordic markets, while leveraging the Stressless® brand outside the Nordic region.

In markets still impacted by the Covid-19 pandemic and challenging market infrastructure, Ekornes' key success factors have been a solid distribution network combined with geographical diversification of supply and market demand, supporting the ability to deliver throughout the pandemic. With continued high spending on household and furnishing products across all regions, Ekornes is well positioned to capitalize on the strong market momentum.

Even as demand remains high entering 2022, Ekornes is prepared for a gradual easing towards pre-pandemic levels in the longer term. The company has, however, strengthened its market position during the pandemic, fueled by reliable deliveries and strong market responses to new products. By continuing to develop new and existing products, while maximizing operational efficiency, the company expects to benefit on the market dynamics as a renowned global premium furniture manufacturer.

Ekornes' focus on customer collaboration and ability to deliver relevant products with short delivery remains. Alongside continued development and introduction of new products, the company is well prepared to utilize emerging market opportunities also going forward.



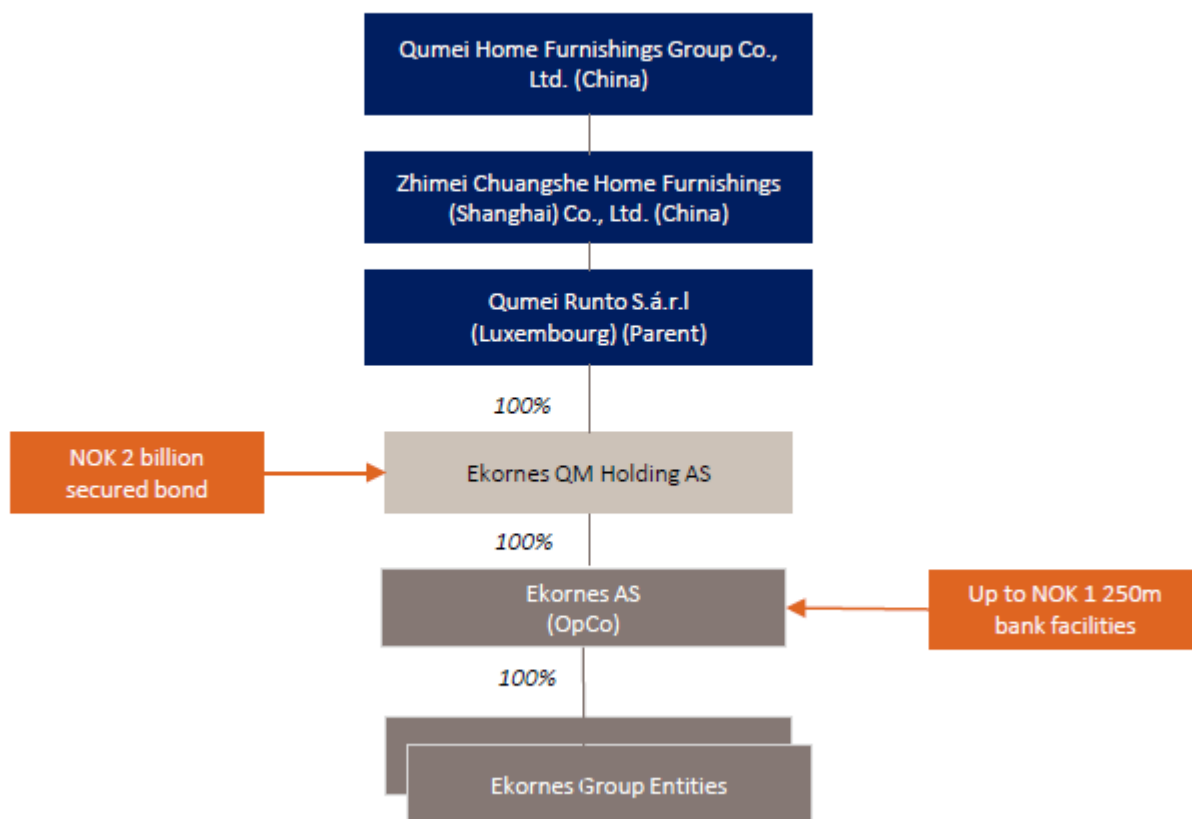
COMPANY HISTORY AND OWNERSHIP

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.

Norwegian ultimate parent company Ekornes QM Holding AS is a wholly owned subsidiary of Qumei Home Furnishing Group. 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 at 31 December 2021. Ekornes QM Holding AS had as at 31 December 2021 100% shareholding and voting rights in Ekornes AS who in its turn has a 100% ownership share and voting rights for all other consolidated companies.

(Ownership chart as at 31 December 2021)



KEY FIGURES

		Q4 2021	Q4 2020	Q3 2021	Y 2021	Y 2020
Gross operating revenue	MNOK	1 174,1	1 121,2	1 040,5	4 317,9	3 481,7
Stressless®	MNOK	849,2	810,3	780,5	3 166,6	2 539,1
IMG	MNOK	242,2	220,2	184,7	850,0	671,7
Svane®	MNOK	82,8	90,7	75,2	301,2	270,9
Gross operating earnings (EBITDA)	MNOK	175,7	276,9	216,5	833,3	666,6
Operating earnings (EBIT)	MNOK	89,0	195,6	131,3	514,0	363,4
Operating margin (EBIT)	%	7,6%	17,4%	12,6%	11,9%	10,4%
Earnings before tax (EBT)	MNOK	40,8	126,8	89,4	338,1	178,1
Net earnings	MNOK	34,5	106,1	72,3	273,9	142,4
Net interest-bearing Debt (NIBD)	MNOK	2 747,9	2 046,7	2 810,7	2 747,9	2 046,7
Cash and Bank deposits end of period	MNOK	350,1	454,6	297,2	350,1	454,6

FINANCIAL REVIEW

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

FOURTH QUARTER 2021 FINANCIAL REVIEW

Operating revenue in the fourth quarter 2021 was NOK 1 174 million, up from NOK 1 121 million in the fourth quarter 2020. Sales were high in all markets and segments, driven by strong demand for household and furnishing products. The Group's ability to deliver remains a key competitive advantage as demand continues to be strong following the uplift experienced during the Covid-19 pandemic.

Underlying sales revenue from the Stressless® segment was NOK 849 million (810), up 5% from Q4 2020. Revenue from IMG ended at NOK 242 million (220), while Svane® revenue amounted to NOK 83 (91).

Costs of goods sold ended at NOK 344 million (309), driven by higher prices of raw materials and increased capacity within all segments. Payroll expenses amounted to NOK 325 million, up from NOK 311 million in the fourth quarter 2020 due to hiring more employees. Other operating expenses amounted to NOK 327 million, compared with NOK 260 million in Q4 2020. This includes marketing costs, such as Christmas campaigns, and in general higher activity explaining the increase from the corresponding period in 2020. Total operating expenses for the period amounted to NOK 1 085 million, up from NOK 926 million in the fourth quarter 2020. The increase is mainly related to higher activity level and increased distribution costs. Ekornes is taking action to offset the effects from a higher costs base, including price increases and discontinuing discounting in campaigns.

Operating earnings (EBIT) for Q4 2021 came in at NOK 89 million (196), corresponding to an EBIT margin of 7.6% (17.4%). The decrease is related to increased costs and somewhat higher lead times during the quarter. To mitigate the impact of the increased cost base, prices were increased early in the fourth quarter. As price increases normally take somewhat longer to come into effect than the immediate cost increases, margins may be impacted in the very short-term. However, the company expects the EBIT margin to gradually return to double digits during the first half of 2022 when the effect of the repricing materializes.

For the fourth quarter 2021, net financial items were negative NOK 48 million (-68). This includes net gains of foreign exchange of NOK 1 million (-32) and financial income of NOK 3 million (3). Financial expenses amounted to NOK 53 million during the period (40).

Earnings before tax for the quarter came in at NOK 41 million (127). Tax expenses for the period is calculated to NOK 6 million (21), which gave a net profit for the quarter of NOK 36 million (106).

FINANCIAL REVIEW FOR THE FULL YEAR 2021

For the full year 2021, Ekornes generated operating revenue of NOK 4 318 million (3 482). The increase in revenues compared to 2020 is largely driven by sustained high consumer spending on home furnishing as demand surged during the Covid-19 pandemic. Although sales in 2021 were impacted by the pandemic, it was to a lesser degree than the major drops in activity experienced during the lockdowns in the first half of 2020.

All segments have experienced higher sales than in 2020. Underlying sales revenue from the Stressless® segment was NOK 3 167 million (2 539), revenue from IMG was NOK 850 million (672), while revenue from Svane® amounted to NOK 301 million (271). Operating earnings (EBIT) for the full year of 2021 came in at NOK 514 million (363). The increase from 2020 is mainly driven by higher sales and improved profitability from higher capacity utilization.

Payroll expenses amounted to NOK 1 210 million during the period, compared to NOK 1 018 million during the full year of 2020. Other operating expenses, including sales and marketing costs, ended at NOK 1 083 million, up from NOK 875 million in 2020. The increased expenses follow a significantly higher activity level in 2021 than in 2020.

Net financial items were negative at NOK 176 million (-185), driven by financial expenses of NOK 191 million (210). Earnings before tax for the year came in at NOK 338 (178). Tax expense is calculated to NOK 64 million (36), which gave a net result of NOK 273 million (143).

ORDER RECEIPTS AND ORDER RESERVE

		Q4 2021	Q4 2020	Q3 2021	Y 2021	Y 2020	CHANGE Y 2021 / Y 2020
Order receipts	MNOK	1 257,6	1 173,2	1 187,8	4 874,7	3 968,0	23%
Order reserve	MNOK	1 379,6	874,3	1 309,7	1 379,6	874,3	58%

Order receipts in the fourth quarter 2021 amounted to NOK 1 258 million, up 7% from NOK 1 173 million in the corresponding quarter in 2020. Order receipts in the third quarter 2021 amounted to NOK 1 188 million.

As at 31 December 2021, Ekornes' combined order reserve was a record high NOK 1 380 million, up from NOK 1 310 million at the end of the third quarter 2021. Order reserve at the end of the fourth quarter 2020 was NOK 874 million.

BALANCE SHEET

		31.12.2021	30.9.2021	31.12.2020
Working capital*	MNOK	1 389,1	1 351,5	990,5
Bank deposits	MNOK	350,1	297,2	454,6
Total assets	MNOK	8 090,1	7 838,3	7 748,2
Interest-bearing loans	MNOK	3 097,9	3 108,0	2 501,3
Total liabilities	MNOK	5 007,2	4 799,8	4 178,7
Equity	MNOK	3 083,0	3 038,5	3 569,5
Equity ratio	%	38,1%	38,8%	46,1%
Value of forward contracts	MNOK	4,1	10,6	22,7
Net interest-bearing Debt (NIBD)	MNOK	2 747,9	2 810,7	2 046,7

* Working capital = trade receivables + inventory - trade payables

At 31 December 2021, Ekornes had total assets of NOK 8 090 million, compared with NOK 7 838 million three months earlier. The increase is mainly due to capacity expansions at production facilities, resulting in increased lease liabilities, increased inventories following challenges with shipping orders out of Asia and higher trade payables due to seasonal patterns.

Total equity was NOK 3 083 million at the end of the quarter, corresponding to an equity ratio of 38%. This compared with NOK 3 039 and 39% at the end of the previous quarter.

Total interest-bearing debt at the end of the period amounted to NOK 3 098 million, down from NOK 3 108 million at the end of the third quarter 2021. The interest-bearing debt includes unsecured bank loans with DNB and Sparebanken Møre for a total of 1 088 million.

The Group is in the process of refinancing the bank facilities maturing in September 2022. However, as at 31 December 2021, NOK 1 088 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 is in 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.

In 2020, Ekornes experienced a significant impact on operations from March to May due to the lockdowns from the Covid-19 pandemic. During this period, Ekornes performed stress tests on key financial indicators with satisfactory results. However, with the outlook for a negative impact on earnings being substantial short to medium term and the risk of a covenant breach in the bond agreement, Ekornes entered an agreement with bondholders for amendments to covenants. However, due to the significant rebound during the second half of 2020 which has continued throughout 2021, Ekornes' financial position as at 31 December 2021 was solid. The bond agreement 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 fourth quarter of 2021 and as at 31 December 2021, Ekornes was compliant with all covenant requirements in the bond agreement. The leverage ratio at the end of the fourth quarter 2021 was 3,43 well within prevailing requirements.

CASH FLOW

		Q4 2021	Q4 2020	Q3 2021	Y 2021	Y 2020
Net cash flow from operating activities	MNOK	124,6	96,6	52,0	240,6	290,5
Net cash flow from investing activities	MNOK	-34,3	-27,7	-27,5	-109,4	-77,7
Net cash flow from financing activities	MNOK	-34,5	-29,9	-172,7	-238,5	-71,0
Change in net cash & cash equivalents	MNOK	55,8	38,9	-148,1	-107,4	141,8
Effect of exchange gains / (losses) on cash and cash equivalents	MNOK	-3,0	-6,3	4,9	2,8	0,0
Net cash & cash equivalents at the start of the period	MNOK	297,2	422,0	440,5	454,6	312,8
Net cash & cash equivalents at the close of the period	MNOK	350,1	454,6	297,2	350,1	454,6

Net cash flow from operating activities in the fourth quarter 2021 was NOK 125 million (97), mainly driven by solid earnings, supported by an increase in trade payables (NOK 84 million) and a positive NOK 68 million change in other time limited records. The increase was partly offset by a NOK 115 million increase in inventory. Cash flow from operations for the full year 2021 was NOK 241 million (290).

Net cash flow from investing activities was negative NOK 34 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 the Covid-19 pandemic. Following a strong recovery in demand, maintenance investments have returned to normal levels in 2021. Ekornes expects to increase investments somewhat going forward to meet the high demand with increased production capacity. Cash flow from investment activities during the full year 2021 was NOK -109 million (-78).

Net cash flow from financing activities was negative at NOK 35 million during the quarter (-30), which includes NOK 22 million payment of lease liabilities and a NOK 12.5 million repayment on short-term debt. Cash flow from financing activities for the full year 2021 was negative at NOK 239 million (-71). The full year figure includes Ekornes QM Holding AS' purchase in the third quarter 2021 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 in short-term debt.

Net change in cash and cash equivalents was positive NOK 56 million during the quarter and as at 31 December 2021, total holdings of cash and cash equivalents amounted to NOK 350 million, down from NOK 455 million 12 months earlier and up from NOK 297 million at the end of the third 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®

		Q4 2021	Q4 2020	Q3 2021	Y 2021	Y 2020
Gross operating revenue	MNOK	849,2	810,3	780,5	3 166,6	2 539,1
Gross operating earnings (EBITDA)	MNOK	127,9	219,6	175,8	648,3	502,1
Operating earnings (EBIT)	MNOK	64,1	159,6	115,3	417,5	276,1
Operating margin (EBIT)		7,6%	19,7%	14,8%	13,2%	10,9%

Fourth quarter performance for Stressless® continued the momentum of 2021 with strong sales in all markets, with North America leading the way. Total revenues ended at NOK 849 million, up 5% from NOK 810 million in the fourth quarter 2020. From the previous quarter, sales were up 9%. Total sales for the full year amounted to NOK 3 167 million, representing a 25% increase from sales in 2020.

Operating earnings (EBIT) for the quarter ended at NOK 64 million (160), corresponding to an operating margin of 7.8% (19.7%). The margin was negatively impacted by higher logistics and raw material costs and somewhat longer lead times for Stressless® deliveries.

North America continued the strong sales performance seen throughout the year also in the fourth quarter. The retail demand across all home furnishing products is strong and Stressless® has maintained its competitive advantage through reliable and timely deliveries. After a somewhat lagging re-opening, performance in Canada returned to pre-pandemic levels and market share.

Power products continue to be the star of the Stressless® collection in North America, with Stressless® Mary and Emily as the strongest selling brands in the sofa line-up. Introduction of new commercial variants of Stressless® Emily will increase consumers' options and is expected to drive sales of power sofas further. In the recliner line-up, Stressless® Mike & Max sales are high as demand for recliners in the region persists.

In Europe, all markets showed positive sales trends during the quarter, and sales levels for the full year 2021 came in well above 2020 levels. Southern Europe and the UK have experienced solid growth, and sales in Central Europe increased after being negatively impacted by Covid-19 related restrictions. Overall, the 2021 sales growth for Stressless® in Europe came mainly from recliners, sofas and power products, while the newly launched Stressless® Dining collection is the fastest growing category.

In Australia and New Zealand, sales bounced back in the fourth quarter after severe lockdowns in Q3 2021. Stressless® Mike & Max received positive response after introduction in December. Consumer spending in these markets is projected to return to normal levels, supported by a strong labour market, higher net household wealth and a decline in uncertainty related to health and economic issues.

The Chinese market showed a positive development in the fourth quarter with order intake up 25% from Q3 2021. This occurred despite a continued impact from the Covid-19 pandemic negatively affecting sales with some cities locked down during the quarter. Ekornes continues its efforts to build a wide Stressless® distribution network in China, based on a broad range of showrooms channelling traffic to major flagship stores. Two new showrooms are scheduled to open in the first quarter 2022.

In Japan, Stressless® maintains a strong position in the premium recliner market with solid sales growth especially within power products. Generally, sales performance remained strong in all Asian markets although the Covid-19 pandemic continues to impact sales and consumer spending. With local presence and a broad and relevant product range, demand is expected to remain strong in these markets going forward.

As seen across the industry, inflated prices of input material and higher distribution costs have increased the overall cost base. To address the situation, Stressless® has adjusted prices and campaign programmes. However, as increased distribution costs come into effect immediately, measures taken to increase revenues take longer to materialize. This impacts margins in the very near term, but as price increases are rolled out and the strong demand for premium products in the Stressless® product offering continues, the situation is expected to normalize during the first half of 2022.

Generally, the robust supply chain of Stressless® and ability to deliver is a major advantage. While lead times have increased slightly in the quarter, the situation is significantly better than amongst peers with limited stock availability and more distant production. Entering the new year, Stressless® is well positioned with stock levels well aligned with expected demand.

A key priority for Stressless® is to secure availability for retailers and to widen the distribution network while introducing new relevant products. This includes entering new product segments such as outdoor and sleeping to leverage on the Stressless® brand and rolling out Stressless® Dining to regions outside the Nordics. Furthermore, improving operational efficiency is a key focus, including efforts to combine Stressless® and IMG operations into one.

IMG

(Figures in MNOK)		Q4 2021	Q4 2020	Q3 2021	Y 2021	Y 2020
Gross operating revenue	MNOK	242,2	220,2	184,7	850,0	671,7
Gross operating earnings (EBITDA)	MNOK	49,7	51,4	33,7	177,9	149,9
Operating earnings (EBIT)	MNOK	27,7	31,0	9,8	93,0	75,4
Operating margin (EBIT)		11,4%	14,1%	5,3%	10,9%	11,2%

IMG has the supply chain, the production capacity and the order intake to deliver persistent revenue growth. However, fourth quarter revenue ended at NOK 242 million, up from the corresponding figure from 2020. Performance during the quarter was impacted by challenges related to shipping orders to customers due to constraints on sea freight.

Order development quarter-on-quarter was a 3% increase and resulted in a full year figure of NOK 1.0 billion. Despite the challenges in shipping, Q4 operating revenue was significantly stronger than Q3, ending 27% above the preceding quarter. For the full year 2021, revenue grew 27% to NOK 850 million from NOK 683 million in 2020.

The operating result for the quarter was NOK 28 million, down from an all-time high NOK 31 million for the corresponding period in 2020. For the full year 2021, IMG delivered an operating result of NOK 93 million compared to NOK 75 million in 2020, corresponding to an increase of 23%.

Both orders placed and orders invoiced in 2021 were company records and highlight the strength of the business strategy and execution. Consumer demand remains high, and IMG is making strong progress in all key markets, with the US as the stand-out performer.

Development in Europe continues to be driven by Scandinavia with the rest of the region a target for growth as IMG leverages its group structure. In the APAC region, Australia and New Zealand remain the strongest markets and are well established businesses for IMG. Looking forward, growth expectations for the region are highest in Northern Asia as IMG continues to expand distribution. With demand in the furnishing sector remaining more buoyant than anticipated and with a high order reserve, the short-term revenue outlook is positive given that the logistics environment improves or, at the very least, remains as is.

In the medium term, new market development and the new product ranges in the pipeline should allow for continued growth globally, with the USA and APAC looking especially promising.

As has been the case during recent two years, supply chain and logistics risk remain the most important limitations to performance near-term. In addition, consumer demand is expected to soften as the world opens up, opening additional competing avenues for consumer's discretionary spending. Despite these challenges, IMG remains positive on the outlook for the business.





Svane®

		Q4 2021	Q4 2020	Q3 2021	Y 2021	Y 2020
Gross operating revenue	MNOK	82,8	90,7	75,2	301,2	270,9
Gross operating earnings (EBITDA)	MNOK	-1,2	6,8	7,4	9,5	17,9
Operating earnings (EBIT)	MNOK	-2,2	5,9	6,5	5,9	15,2
Operating margin (EBIT)		-2,6%	6,5%	8,7%	2,0%	5,6%

Sales performance of Svane® in the Norwegian market was solid in the fourth quarter, continuing the positive trend. Demand for Svane® products was high, but the market was characterized by aggressive pricing and discounting campaigns, especially for low price alternatives. A reliable supply chain and timely deliveries is a competitive advantage for Svane® in the Norwegian market.

Operating revenue ended at NOK 83 million for the quarter, down from NOK 91 million in the corresponding period in 2020, but up from NOK 75 million in the previous quarter. Total revenues for the full year ended at NOK 301 million, a 11% increase from 2020. Operating earnings (EBIT) came in at negative NOK 2 million, compared to positive NOK 6 million in the fourth quarter 2020. The decrease in earnings was mainly related to higher costs in the quarter. However, Ekornes is adjusting prices to account for the increased cost base, initiatives expected to come into effect in the first half of 2022.

In Central Europe, sales performance is gradually improving after several re-openings. In particular, mattresses are selling strongly, while complete bed solutions are lagging somewhat behind.

The Danish market is showing a positive trend. Svane® has enjoyed a high activity and sales level during the quarter, thereby maintaining its market share. In Finland, however, the market trend is negative with decreased demand for beds in general.

Going forward, inflationary costs combined with dampened "home nesting" effects are expected to characterize the market for beds. Svane® is prioritizing to mitigate effects from higher prices on raw materials by adjusting prices early on and focusing sales on more expensive premium products while maintaining its key ability to deliver. In addition, Svane® is collaborating closely with key customers to find suitable targeted campaign programmes. Going forward, Svane® sees potential in utilizing the Stressless® brand, introducing new product categories and targeting new customer segments.



OUTLOOK

Entering 2022, persisting high spending on furniture is expected maintain strong sales momentum for all brands across regions. With a solid established distribution network combined with favourable geographical diversification of supply and market demand, Ekornes is positioned to utilize market momentum, moving into 2022 with a record-high backlog and full warehouses.

Ekornes has product development initiatives high on the agenda. A key priority is to capitalize on the strong demand for power products, while developing and introducing new relevant products in new product categories. In addition, by combining Stressless and IMG into one operational unit, the company aims to improve operational efficiency leveraging on the competitive advantages across the two brands.

Global supply chain and logistics challenges have increased prices from all Ekornes' suppliers and partners. To mitigate the impact, the company has already increased prices on its products and will continue its repricing efforts throughout 2022. The situation is continuously assessed, and profitability is expected to improve once price increases come into effect during the first half of 2022.

The Group has a solid financial position. Ekornes intends to optimize the long-term financing structure to maintain financial flexibility and to be positioned to capture 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 at 31 December 2021, Ekornes employed a total of 3 321 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 30 lost-time injuries in 2021, compared with 17 injuries in 2020. This gives an H1-value for the period of 4.2, compared to 3.4 the year before.

The Group had a sickness absence rate of 3.5% in 2021, compared to 2.5% the year before.

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 "home nesting" 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 through the full year of 2021. At the same time, the Covid-19 virus is still present and impacts both markets and operations with shutdowns and restrictions. 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.

Logistics and transportation have become increasing challenges for the industry in general, 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 overall 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

No 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, February 28th, 2022
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	Q4 2021	Q4 2020	Q3 2021	Y 2021	Y 2020
Gross operating revenue	2	1 174,1	1 121,2	1 040,5	4 317,9	3 481,7
Cost of goods sold		344,0	308,8	302,0	1 205,3	910,1
Payroll expenses		325,1	311,2	268,8	1 209,6	1 017,9
Depreciation and write downs	5	86,8	81,3	85,2	319,3	303,2
Other operating expenses		326,9	259,8	258,0	1 082,8	874,8
Net other losses (gains)	3	2,4	-35,5	-4,9	-13,2	12,3
Total operating expenses		1 085,1	925,6	909,2	3 803,8	3 118,3
Operating earnings (EBIT)		89,0	195,6	131,3	514,0	363,4
Financial income		3,5	2,9	1,9	9,0	12,0
Net gains (losses) on foreign exchange		1,2	-31,7	3,7	6,1	13,0
Financial expenses		52,8	40,0	47,5	191,1	210,3
Net financial items		-48,1	-68,8	-41,9	-176,0	-185,3
Earnings before tax (EBT)		40,8	126,8	89,4	338,1	178,1
Calculated tax cost (Income)		6,4	20,7	17,0	64,1	35,7
Net earnings		34,5	106,1	72,3	273,9	142,4
Earnings are attributable to:						
Controlling interests		34,5	93,2	66,5	246,2	114,9
Non-controlling interests		0,0	13,0	5,8	27,7	27,5
Earnings per share		1 149,0	3 537,6	2 411,5	9 131,5	4 746,0
Earnings per share (diluted)		1 149,0	3 537,6	2 411,5	9 131,5	4 746,0

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Figures in MNOK)	Note	Q4 2021	Q4 2020	Q3 2021	Y 2021	Y 2020
Net earnings		34,5	106,1	72,3	273,9	142,4
Other income and expenses:						
Items which can be reclassified to earnings and loss:						
Translation differences	5	10,0	-106,7	7,4	-1,8	-2,9
Total other income and expenses		10,0	-106,7	7,4	-1,8	-2,9
Total comprehensive income		44,5	-0,6	79,7	272,1	139,4

CONSOLIDATED BALANCE SHEETS

(Figures in MNOK)	Note	31.12.2021	30.9.2021	31.12.2020
ASSETS				
Non-current assets				
Buildings and sites		945,7	958,3	1 001,6
Machinery and equipment		277,8	273,4	278,7
Operating movables and fixtures		24,5	23,5	26,3
Assets under construction		26,8	40,2	19,3
Right-of-use assets	7	217,3	134,4	152,9
Total property, plant & equipment		1 492,1	1 429,7	1 478,8
Software and licenses		36,1	24,6	45,0
Brand name	5	1 520,8	1 531,0	1 561,5
Goodwill	5	1 561,1	1 561,1	1 561,1
Customer relations	5	1 162,4	1 178,9	1 222,0
Deferred tax assets		107,7	86,4	67,6
Total non-current intangible assets		4 388,1	4 382,0	4 457,2
Other receivables and investments		24,1	21,7	20,9
Total non-current financial assets		24,1	21,7	20,9
Total non-current assets		5 904,3	5 833,5	5 956,9
Current assets				
Inventory		1 272,3	1 156,9	818,1
Trade receivables		448,9	442,9	415,6
Forward currency contracts	3	4,1	10,6	22,7
Other short-term receivables		110,4	97,1	80,3
Cash and bank deposits		350,1	297,2	454,6
Total current assets		2 185,8	2 004,8	1 791,3
TOTAL ASSETS		8 090,1	7 838,3	7 748,2

CONSOLIDATED BALANCE SHEETS

(Figures in MNOK)	Note	31.12.2021	30.9.2021	31.12.2020
EQUITY AND LIABILITIES				
Equity				
Contributed equity				
Share capital	8	0,1	0,1	0,1
Premium paid		2 807,4	2 807,4	2 807,4
Total contributed equity		2 807,5	2 807,5	2 807,5
Retained earnings				
Translation difference		58,9	48,8	61,5
Other equity		216,6	182,1	200,6
Total retained earnings		275,5	231,0	262,0
Owner of the company		3 083,0	3 038,5	3 069,5
Non-controlling interests		0,0	0,0	500,0
Total equity		3 083,0	3 038,5	3 569,5
Non-current liabilities				
Pension liabilities		7,9	8,3	8,4
Provisions		3,0	3,2	3,6
Deferred tax		791,1	804,7	841,9
Lease liabilities	7	176,3	106,0	119,3
Interest-bearing debt - Bond	6	2 010,4	2 008,0	2 001,3
Interest-bearing debt - Bank	6	0,0	0,0	500,0
Total non-current liabilities		2 988,6	2 930,1	3 474,6
Current liabilities				
Trade payables		332,1	248,3	243,2
Public charges payable		84,3	63,0	77,4
Tax payable		116,4	111,0	62,7
Interest-bearing debt - Bank	6	1 087,5	1 100,0	0,0
Dividend		0,0	0,0	9,2
Lease liabilities	7	51,6	35,6	38,9
Other current liabilities		346,6	311,8	272,6
Total current liabilities		2 018,5	1 869,7	704,1
Total liabilities		5 007,2	4 799,8	4 178,7
TOTAL EQUITY AND LIABILITIES		8 090,1	7 838,3	7 748,2

CONSOLIDATED STATEMENT OF CASH FLOWS

(Figures in MNOK)	Q4 2021	Q4 2020	Q3 2021	Y 2021	Y 2020
Cash flows from operating activities					
Earnings before tax (EBT)	40,8	126,8	89,4	338,1	178,1
Tax paid for the period	-33,3	-17,5	-30,5	-90,1	-38,2
Depreciation and write downs	86,8	81,3	85,2	319,3	303,2
Change in inventory	-115,4	-84,9	-123,5	-454,2	-242,7
Change in trade receivables	-6,0	-31,4	72,2	-33,3	-33,7
Change in trade payables	83,8	65,3	12,7	88,9	90,1
Change in other time limited records	67,9	-43,0	-53,5	72,0	33,7
Net cash flow from operating activities	124,6	96,6	52,0	240,6	290,5
Cash flows from investing activities					
Proceeds from sale of PP&E	0,0	2,0	0,0	0,2	2,7
Payments for purchase of PP&E	-34,4	-29,7	-27,5	-109,7	-80,4
Net Cash flows from investing activities	-34,3	-27,7	-27,5	-109,4	-77,7
Cash flows from financing activities					
Payment of lease liabilities	-22,0	-16,7	-12,8	-58,1	-48,5
Payment of dividend	0,0	-13,2	-18,9	-26,9	-22,4
Repayment of borrowings	-12,5	0,0	0,0	-12,5	0,0
Proceeds from borrowings	0,0	0,0	600,0	600,0	0,0
Transactions with non-controlling interests	0,0	0,0	-741,0	-741,0	0,0
Net cash flow from financing activities	-34,5	-29,9	-172,7	-238,5	-71,0
Change in net cash & cash equivalents	55,8	38,9	-148,1	-107,3	141,8
Effect of exchange gains / (losses) on cash and cash equivalents	-3,0	-6,3	4,9	2,8	0,0
Net cash & cash equivalents at the start of the period	297,2	422,0	440,5	454,6	312,8
Net cash & cash equivalents at the close of the period	350,1	454,6	297,2	350,1	454,6
Restricted cash at the end of the period*	153,0	152,3	141,7	153,0	152,3
Unrestricted cash at the end of the period	197,1	302,3	155,6	197,1	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 31 December 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	246,2	246,2	27,7	273,9
Other comprehensive income	0,0	0,0	-2,6	0,0	-2,6	0,7	-1,8
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 31.12.2021	0,1	2 807,4	58,9	216,6	3 083,0	0,0	3 083,0

*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 fourth quarter 2021, closed as at 31 December 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)	Q4 2021	Q4 2020	Q3 2021	Y 2021	Y 2020
Revenues per segment					
Stressless®	849,2	810,3	780,5	3 166,6	2 539,1
IMG	242,2	220,2	184,7	850,0	671,7
Svane®	82,8	90,7	75,2	301,2	270,9
Total	1 174,1	1 121,2	1 040,5	4 317,9	3 481,7
EBITDA per segment					
Stressless®	127,9	219,6	175,8	648,3	502,1
IMG	49,7	51,4	33,7	177,9	149,9
Svane®	-1,2	6,8	7,4	9,5	17,9
Other/eliminations *	-0,7	-0,9	-0,4	-2,4	-3,3
Total	175,7	276,9	216,5	833,3	666,6
EBIT per segment					
Stressless®	64,1	159,6	115,3	417,5	276,1
IMG	27,7	31,0	9,8	93,0	75,4
Svane®	-2,2	5,9	6,5	5,9	15,2
Other/eliminations *	-0,7	-0,9	-0,4	-2,4	-3,3
Total	89,0	195,6	131,3	514,0	363,4
Operating revenues by market					
Norway	159,9	163,0	123,1	581,2	503,4
Other Nordic	63,3	59,1	45,3	230,6	204,3
Central Europe	216,6	191,1	159,8	730,2	640,0
Southern Europe	58,0	53,9	41,6	256,2	195,6
United Kingdom/Ireland	86,1	77,2	85,0	265,3	229,7
USA/Canada/Mexico	396,2	348,0	371,8	1 485,3	1 054,8
Japan	41,5	48,8	40,0	140,4	138,2
Australia	82,0	96,4	103,7	352,9	286,0
China	38,6	45,9	38,5	150,5	110,3
Other Markets	31,9	37,8	31,7	125,2	119,4
Total	1 174,1	1 121,2	1 040,5	4 317,9	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 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 2021, these contracts resulted in a NOK 31.8 million realised gains and NOK 18,6 millioner in negative change in value of realised and unrealised contracts. All contracts that are open as at 31 December 2021 fall due for payment in the next 12 months. As at 31 December 2021, the market value of existing forward currency contracts came to NOK 4,1 million.

(Figures in MNOK)

Total net other losses/(gains) comprises:	2021	2020
Realised (losses)/gains on new forward contracts	31 767	-37 584
Change in value of realised and unrealised contracts	-18 601	25 283
Net other (losses)/gains	13 166	-12 300

The following net foreign exchange volume was undertaken in 2021:

Currency	Volume in Currency (Million)	Average exchange rate (in NOK)
AUD	18,5	6,51
DKK	51,7	1,44
EUR	32,5	10,72
GBP	10,7	11,97
USD	17,7	9,09

NOTE 4 No. of employees

	31.12.2021	30.9.2021	31.12.2020
Employees in Norway	1 322	1 293	1 152
Employees abroad	1 999	1 927	1 694
Total	3 321	3 220	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 1.1.2021	94,9	0,0	141,0	235,9
The period's depreciation	40,7	0,0	59,1	99,8
Accumulated depreciation 31.12.2021	135,6	0,0	200,2	335,7
Accumulated currency translation 1.1.2021	0,0	0,0	60,7	60,7
The period's currency translation differences	0,0	0,0	-0,4	-0,4
Accumulated currency translation 31.12.2021	0,0	0,0	60,3	60,3
Book value 31.12.2021	1 520,8	1 561,1	1 162,4	4 244,4
Split per segment				
Stressless®	1 311,3	676,6	731,9	2 719,7
IMG	209,6	884,5	430,5	1 524,6
Book value 31.12.2021	1 520,8	1 561,1	1 162,4	4 244,4
	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 1.1.2020	54,2	0,0	78,0	132,3
The period's depreciation	40,7	0,0	63,0	103,7
Accumulated depreciation 31.12.2020	94,9	0,0	141,0	235,9
Accumulated currency translation differences 1.1.2020	0,0	0,0	44,7	44,7
The period's currency translation differences	0,0	0,0	16,0	16,0
Accumulated currency translation 31.12.2020	0,0	0,0	60,7	60,7
Book value 31.12.2020	1 561,5	1 561,1	1 222,0	4 344,6
Split per segment				
Stressless®	1 339,4	676,6	769,5	2 785,4
IMG	222,2	884,5	452,5	1 559,2
Book value 31.12.2020	1 561,5	1 561,1	1 222,0	4 344,6

NOTE 6 Interest-bearing loans and credit facilities

The Group regularly assesses its capital structure and risk profile. The Group regularly assesses its capital structure and risk profile. Total interest-bearing debt at the end of the period amounted to NOK 3 098 million.

Short-term borrowing agreement 31 December 2021

- The loan of NOK 337,5 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

The Group is in the process of refinancing the bank facilities maturing in September 2022. However, as at 31 December 2021, NOK 1 088 million were classified as short-term debt and available short-term credit facilities in DnB amounted to NOK 150 million.

Senior Secured Bond at 31 December 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 31. December 2021 the coupon was 7.58%. For first quarter 2022 the coupon is 7.95%.

(Figures in MNOK)

Bond	FRN Ekornes QM Holding AS Senior Secured Callable Bond Issue 2019/2023
Ticker:	EKO01
Currency	NOK
Issue Amount	2 000
NIBOR 3M	0,58 %
Margin	7,00 %
Coupon	7,58 %
Tenor / redemption:	54 months /4,5 years
Settlement Date:	2.4.2019
Maturity Date:	2.10.2023

The bond was initially measured at fair value minus directly attributable transaction costs. Subsequent to initial recognition, the bond is measured at amortized cost using the effective interest method. The effective interest method amortisation is included as finance cost in the income statement. The nominal amount payable to the bondholders at maturity date is 2 020 MNOK, including a fee of 20 MNOK

Ekornes has call options to redeem the bond with the first expiry date in April 2022. The bond matures in October 2023. The Group is in the process of evaluating a refinancing process to find an optimal long-term financing structure.

Financial covenants related to the bond

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 Net debt / Adj. EBITDA starting at 5.25x for year 1 and 2,5.00x for year 3, 4.50x for year 4 and 4.00x for year 5, with equity cure (max. 3 times) counting as EBITDA for the subsequent three quarterly reporting periods. The covenants are measured quarterly on a 12-month rolling basis for Ekornes QM Holding Group.

During the fourth quarter of 2021 and as at 31 December 2021, Ekornes was compliant with all covenant requirements in the bond agreement. The leverage ratio at the end of the fourth quarter 2021 was 3,42, well within prevailing requirements.

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)

Acquisition cost 1.1.2021	233,0
Addition of right-of-use assets	123,5
- New leasing agreements	110,0
- Existing leasing agreements adjusted or extended	13,5
Disposals	18,1
Currency exchange differences	-0,5
Acquisition cost 31.12.2021	337,9
Accumulated depreciation and impairment 1.1.2021	80,1
Depreciation	58,6
Disposals	18,1
Accumulated depreciation and impairment 31.12.2021	120,6
Carrying amount of right-of-use assets 31.12.2021	217,3
Lease liabilities included in the statement of financial position at 31.12.2021	227,9
Current	51,6
Non-current	176,3

NOTE 8 Shares and shareholders

As of 31 December 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 31 December 2021.

As of 31 December 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 31 December 2021, the board has been granted the following authorizations:

The board has been granted no authorizations.



EKORNES®

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