

Annual
report
Ekornes 2015



“*Ekornes shall be Europe's leading furniture producers and be renowned for its quality in all areas.*”

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THIS IS EKORNES

Ekornes ASA is the largest furniture manufacturer in Norway and owns such brand names as Ekornes®, Stressless® Svane® and IMG. Stressless® is one of the world's most well-known furniture brands, while Ekornes®, Stressless® and Svane® are the best known brands in the Norwegian furniture market. IMG is best known in Australia and the USA. Manufacturing takes place at the Group's 10 factories, six of which are located in Norway, one in the USA, one in Thailand and two in Vietnam. The Group's products are sold in large parts of the world through its own sales companies or importers.

Ekornes's business concept is to offer products that in terms of both price and design appeal to a broad audience. Ekornes ASA's head office is located alongside the Group's main manufacturing facility at Ikorndes in Sykkylven, on the west coast of Norway. Ekornes ASA is the parent company of the Ekornes Group. The Group's production facilities are organised according to product area: Stressless®, Svane® and IMG.

The Ekornes story began in 1934 when company founder, Jens E. Ekornes, started manufacturing furniture springs at the J.E. Ekornes Fjærfabrikk in Sykkylven. The first Stressless® recliners were launched in the Norwegian market in 1971. A more detailed overview of the company's history can be found on pages 100-103 of this report.



EKORNES
COLLECTION

IMG
N O R W A Y



Stressless you

KEY FIGURES

		2015	2014	2013	2012	2011
Gross operating revenues (consolidated)	NOK million	3 171,8	2 689,3	2 611,3	2 762,7	2 757,6
Operating profit	NOK million	301,3	266,0	312,9	399,0	386,5
Profit before tax	NOK million	278,2	248,5	334,0	373,9	389,6
Net profit for the year	NOK million	184,1	160,1	222,3	255,8	273,9
Investments (net)	NOK million	117,8	496,1	148,1	79,0	142,8
Depreciation	NOK million	146,7	132,6	133,8	125,1	125,6
Equity ratio	%	52,3 %	56,9 %	79,3 %	77,9 %	79,0 %
No. of employees	#	2 324	2 388	1 576	1 626	1 577
No. of shareholders	#	2 405	2 516	2 359	2 421	2 401
Earnings per share	NOK	5,00	4,35	6,04	6,95	7,44
Dividend per share	NOK	4,00	4,00	5,50	5,50	7,50
Dividend ratio	%	80,0 %	91,7 %	91,1 %	79,1 %	100,8 %
Share price 31.12	NOK	99,50	95,00	82,25	92,50	98,00
Market capitalisation 31.12	NOK million	3 664,3	3 498,5	3 029,0	3 406,5	3 609,0

Revenues in NOK million:

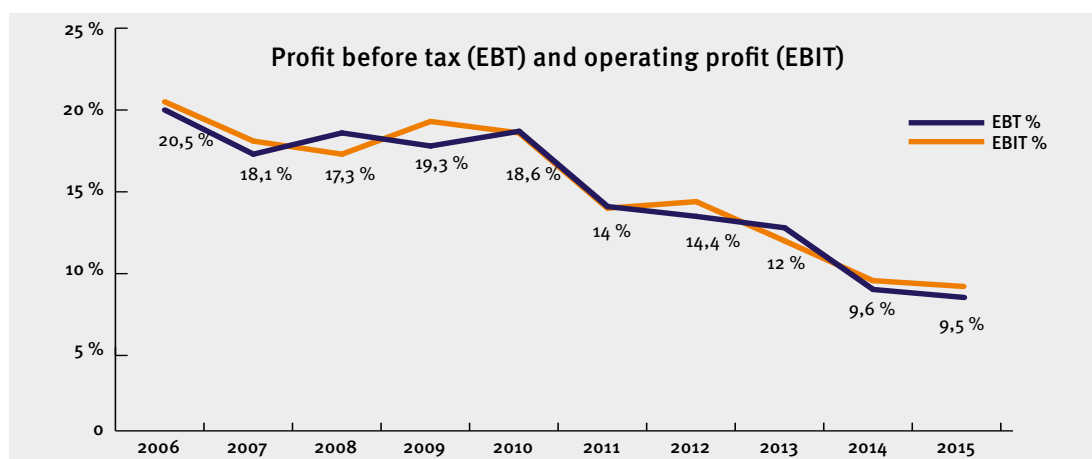
3 171.8


EBIT margin:

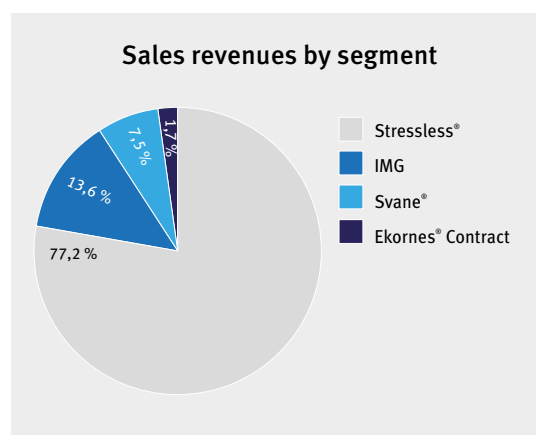
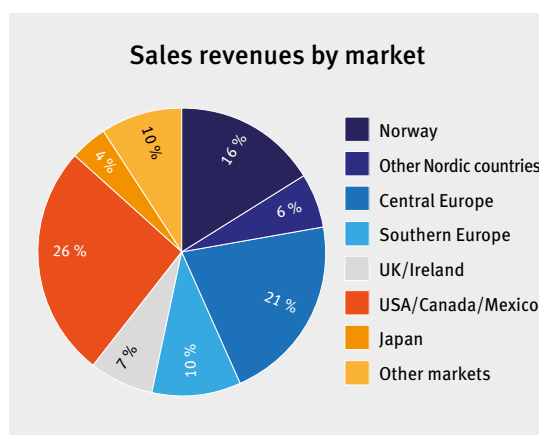
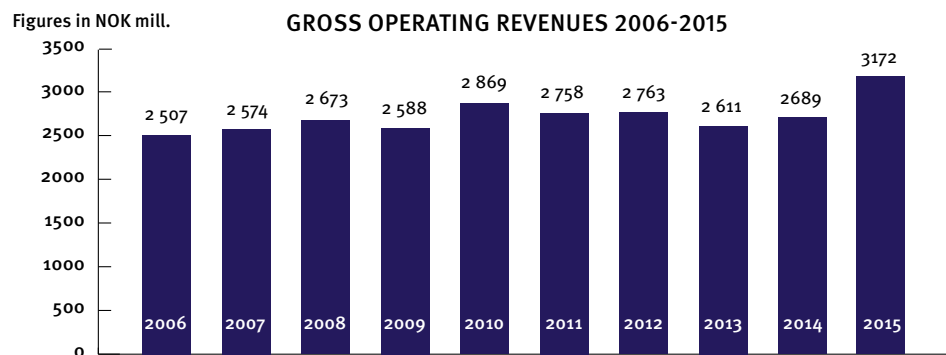
9.5 %

Earnings per share, NOK:

5.00



Stressless®	IMG	Svane®	Ekornes® Contract
			
Gross operating revenues in NOK mill. 2 447.3	Gross operating revenues in NOK mill. 431.5	Gross operating revenues in NOK mill. 239.5	Gross operating revenues in NOK mill. 53.5
EBIT in NOK mill. 249.0	EBIT in NOK mill. 113.7	EBIT in NOK mill. -0.3	EBIT in NOK mill. 8.0
No. of employees 1 411	No. of employees 799	No. of employees 107	No. of employees 7



EKORNES

SALES COMPANIES

SKANDINAVIA

Ekornes Skandinavia AS
(Norway, Sweden, Denmark)
Director: Norway:
Eldar Blindheim

J.E. Ekornes Aps
Director: Denmark:
Peter Hjelmholm

Director, Sweden:
Johannes Liivrand

FINLAND

Oy Ekornes Ab (Finland/Baltics)
Director: Toni Juutilainen

UK/IRLAND

Ekornes Ltd.
Director: James Tate

CENTRAL EUROPE

Ekornes Möbelvertriebs GmbH
(Germany, The Netherlands,
Luxembourg, Switzerland,
Slovenia, Austria, Poland)
Director: Jean-François Hartwig

SOUTHERN EUROPE

Ekornes S.A.R.L.
(France, Belgium, Spain, Italy)
Director: Bernard Lafond

Ekornes Iberica S.L.
Director: Bernard Lafond

USA/CANADA/MEXICO

Ekornes Inc.
Director: Peter Bjerregaard

ASIA

Ekornes Asia Pte Ltd.
(Kina, Hong Kong, Taiwan, Korea,
Singapore, Malaysia, Indonesia,
India, Mauritius)
Director: Mark Kelsey

Ekornes China Co Ltd.
Markedssjef: Chris Wang

JAPAN

Ekornes KK
Director: Kenji Oyama

AUSTRALIA/NEW ZEALAND

Ekornes Pty. Limited
Director: John Candi

EXPORT (OTHER MARKETS)

Ekornes ASA
Ekornes Export
Marketing Director: Runar Haugen

EKORNES CONTRACT AS

Managing Director: John Terje Drege

EKORNES BEDS AS

Managing Director: Jon-Erlend Alstad

EKORNES BEDS GMBH

Managing Director: Jon-Erlend Alstad

IMG SKANDINAVIA AS

Managing Director: Lars Inge S. Jakobsen

IMG USA Inc.

Managing Director: Jim Dobry

IMG AUSTRALIA PTY LTD

Managing Director: Sam Joukadjian

IMG NEW ZEALAND LTD

Managing Director: Brian Preston

IMGC PTY LTD

Managing Director: Jacques Chan Chin

FACTORIES

J.E. EKORNES AS

Production Director: Ola Arne Ramstad

AVD. VESTLANDSKE

Factory Manager: Ole André Småge

AVD. TYNES

Factory Manager: Per Jarle Tynes

AVD. HAREID

Factory Manager: Ole André Småge

AVD. GRODÅS

Factory Manager: Knut Ove Rygg

EKORNES BEDS AS

Managing Director: Jon-Erlend Alstad

J.E. EKORNES USA, INC.

Factory Manager: Randy Tallent

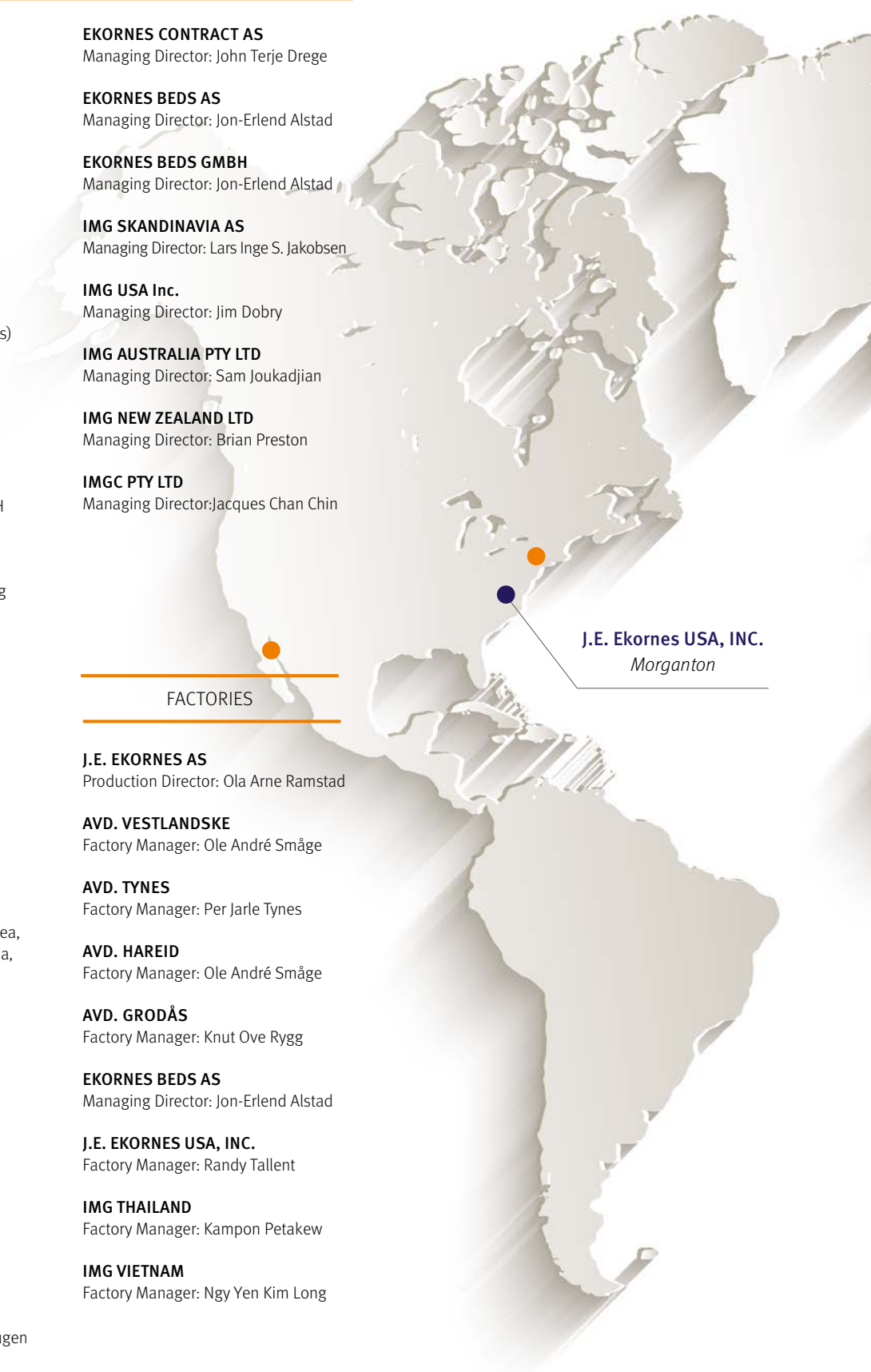
IMG THAILAND

Factory Manager: Kampon Petakew

IMG VIETNAM

Factory Manager: Ngy Yen Kim Long

J.E. Ekornes USA, INC.
Morganton







TO OUR SHAREHOLDERS

In my letter to shareholders last year, I wrote that Ekornes had undergone many changes in 2014. The same holds true for 2015 as well.

Through the year we implemented a number of measures to strengthen the Group's operations. We have defined more clearly the four segments that make up Ekornes: Stressless®, IMG, Svane®, and Ekornes® Contract. As our results show, developments in the different segments vary.

Stressless® is our largest segment. If we look at our performance over the past five years, the challenge has been a lack of growth and declining profitability. This is a trend that cannot continue, and we are working intensively to increase sales and optimise production. During the year we launched a number of new products. Many of these have already gone on sale, while some will come onto the market during 2016. We have simplified our in-store message and expanded our customers' options in order to boost sales volumes per store. We also increased the number of retail outlets for Stressless® by more than 10 per cent during the year. Together, these initiatives provide the foundation for increased sales. On the cost side, we have initiated a programme to cut our cost base by at least NOK 150 million by the end of 2016, compared with 2014. This programme includes all sections of Ekornes, though the bulk of the savings will come in the Stressless® segment.

IMG has had a good year, becoming the Group's second largest segment. Revenues were higher than in 2014, and we have reinforced our position in important markets like the USA, Norway and Australia. IMG can also point to a good level of profitability, providing a basis for further growth in both new and existing markets. So far, IMG has proved to be an very good investment for Ekornes and its shareholders.

After sliding for several years, Svane® reversed this negative trend in 2015. Despite posting a modest loss, I am satisfied with developments in this segment. Major changes have been made in the product portfolio, which is now far more up-to-date and modern than a few years ago. Several new models are also due for release in 2016. Production and logistics have been improved and made more efficient. We have switched from fully integrated manufacturing to doing what we do best – configuring and assembling beds and mattresses. We are the only company offering the patented IntelliGel® system, which provides a unique level of sleep comfort. We have succeeded in our ambition of increasing the proportion of beds containing IntelliGel®. We have engaged in a much closer dialogue with our customers, and this has resulted in both increased revenues and a significant improvement in the bottom line.

The smallest of our segments, Ekornes® Contract, has been affected by the downturn in shipbuilding that has followed the fall in oil prices. Despite this, however, Ekornes® Contract posted better results than the year before.

We have set ourselves some long-term goals through a programme we have dubbed "Ekornes 2020". Our foundations are strong, and Ekornes has good potential to create value for both shareholders and employees. Change and restructuring will be needed to unlock this potential. We came a long way in 2015, but much remains to be done. The business environment is constantly changing. Consumers are changing their habits. Technology is moving forward faster than anyone could imagine a few years ago. There will be no time to rest in 2016. Ekornes will keep pace with these developments through product innovation, increased efficiency and a strong focus on costs.

Olav Holst-Dyrnes

CEO



GROUP MANAGEMENT



OLAV HOLST-DYRNES (1970) CEO

Education: A Master's degree in engineering from the Norwegian Institute of Technology (NTH), and completed officer training in the Norwegian Armed Forces.

Experience: Former CEO of the listed company Havfisk ASA. Sourcing Manager at Stokke AS. Ten years in the Norwegian Armed Forces.

CEO of Ekornes since October 2014.

No. of shares: 2 000

TRINE-MARIE HAGEN (1977) CFO

Education: Master's degree in Economics from the Norwegian School of Economic and Business Administration (NHH). Part 1 Law from the University of Bergen.

Experience: CFO of Mentor Medier AS, Norske Skog (several positions including VP Business Performance and Finance Manager at tow factories), trainee and consultant at Intenia.

CFO and member of group management since January 2015.

No. of shares: 700

RUNAR HAUGEN (1964) Group Marketing Director

Education: Master of Business Administration.

Experience: Joined Ekornes ASA as an export consultant in 1991, then Marketing Manager at Ekornes. Previous experience from export, sales and consultancy work.

Group Marketing Director and member of group management since 1992.

No. of shares: 300

SVEIN LUNDE (1961) International Marketing Director

Education: Diploma, Management Studies

Experience: Joined Ekornes in 1994 as the Managing Director of Ekornes Ltd. with responsibility for the UK/Ireland. Previous experience from banking and the travel industry.

International Marketing Director and member of group management since 2003.



OLA ARNE RAMSTAD (1962)

**Production Director,
Stressless® Production**

Education: Diploma in Business Administration (BI).

Experience: Started in production at Ekornes in 1984. Various posts within factory production management.

Director, Stressless® and member of group management since 2002.

No. of shares: 525

ARVE EKORNES (1966)

Director, Product Development

Education: Certified industrial mechanic

Experience: Joined Ekornes as an apprentice in 1983. Worked on the development of production equipment and the product development of steel components until 1992. Product Development Manager from 1992-2002.

Director, Product Development and member of group management since 2002.

JON-ERLEND ALSTAD (1969)

Director, Ekornes Beds AS

Education: Master's degree in Marketing (Oslo School of Management)

Experience: Senior Vice President at Scandinavian Business Seating (HÅG). Marketing director and sales director at Stokke. (with seven years spent in England/Germany). Sales manager of the tour operator Top of Europe Norway AS.

Director, Ekornes Beds AS and member of group management since 2012.

LARS WITTEMANN (1963)

Supply Chain Director

Education: MBA (BI Norwegian Business School), Bachelor in Economics and Business Administration (Handelsakademiet, Oslo).

Experience: Broad industrial, manufacturing and financial management experience from AssaAbløy (TrioVing/VingCard). CFO and plant manager at Grorud Industrier AS. Independent consultant.

Supply Chain Director and member of Group Management since October 2015.

No. of shares: 1 001

Øystein Vikingsen Fauske has been appointed Director of ICT and Digitisation. When he takes up his position in April 2016, he will become a member of group management.



“THE BUSINESS

Ekornes shall be Europe's leading furniture producer and be renowned for its quality in all areas



STRESSLESS® / EKORNES® COLLECTION

Start-up
1934Employees
1411Factories
6

Product area Stressless® is Ekornes's largest product area. The Stressless® brand includes a number of different reclining chairs and sofas, as well as the Stressless® YOU and Stressless® Office ranges. The Ekornes® Collection comprises several fixed-back sofa models.

Production At the close of 2015 the Stressless® area had a production capacity of 1,750 seat units per day. In 2015 as a whole, the number of seat units produced per day averaged 1,681.

Stressless® products are manufactured at four factories. The segment also comprises two components plants. The production of finished items is order driven. The Ikomnes plant in Sykkylven produces the Stressless® chair collection, as well as steel and foamed plastic components for other parts of the furniture collection. Component production is largely automated, with extensive use of industrial robots. The Vestlandske plant in Sykkylven and the Hareid plant produce Stressless® sofas. The Hareid plant also produces fixed-back sofas (Ekornes® Collection), which are manufactured on the same production line as the Stressless® products. The factory in the USA manufactures sofas for the US market.

One of the largest individual investments in 2015 was in a sewing robot, which went into operation in January 2016.

The Tynes factory in Sykkylven specialises in the manufacture and processing of wood laminates, while the Grodås plant produces other wood components.

J.E. EKORNES AS**Dept. Ikomnes (Sykkylven)**

Produces Stressless® chairs and Stressless® components.

Dept. Vestlandske (Sykkylven)

Produces Stressless® sofas.

Dept. Grodås

Produces wood products and components.

Dept. Hareid

Produces Stressless® and Ekornes® Collection sofas.

Dept. Tynes (Sykkylven)

Produces laminated products and wood components.

J.E. EKORNES USA, Inc.**Morganton**

Produces Stressless® sofas.



Stressless® YOU Michelle sofa


EKORNES
COLLECTION


Revenues in NOK mill.	Revenues in %	Sales outside Norway in %
2 447.3	77.2	91.1

Product development The objective of Ekornes ASA's product development department is to launch a steady stream of products which stand out as offering the best comfort and functionality, and which are at the same time adapted to Ekornes's manufacturing organisation and brand strategy. Ekornes constantly seeks to stay ahead of its competitors, and the product development department participates actively in its efforts to improve productivity and manufacturing quality.

Once again, a record number of new models and product innovations were launched in 2015. These included the LegComfort™ concept, which is an integrated footstool. These innovations are the result of the company's increased focus on product development and the need to renew the collection. The Stressless® range was split into two main collections, which opened up new opportunities for increased distribution. A broader furniture collection will appeal to new and existing customers, with the aim of creating growth for Ekornes.

One of the major changes to reach the shops in 2015 was the Stressless® Signature base, an elegant combination of polished aluminium and beech laminate, which also incorporates the new BalanceAdapt™ system. An entirely new Stressless® sofa platform was also launched, offering a new and unique level of seating comfort. The BalanceAdapt™ system is fully integrated, and the sofa's back and seat are assembled together on a frame which automatically adjusts the seating position to the movements of the user.

Also on sale was the Stressless® YOU range, launched in the autumn of 2014. The Stressless® YOU is a collection that combines classic Stressless® comfort with a fresh and modern look featuring slim, Nordic lines, which fits perfectly in today's modern, urban home. The Stressless® YOU collection comprises three chair models with accompanying footstool and two sofa models in two and three-seater versions. The Stressless® YOU sofa also incorporates the new BalanceAdapt™ system. The Stressless® YOU collection is made largely in Norway, but contains more externally sourced components than the main collection.

Response to all the new products has so far been good. They will be on sale to the public from the spring.



Stressless® YOU John



Stressless® Panorama with the ErgoAdapt™-system



Stressless® Live with the LegComfort™-system

Market situation Developments in the different markets varied substantially in 2015.

Market and customer strategy Ekornes's goal is to be the supplier that provides the best level of profitability for its distributors. The company aims to be the industry's leading supplier of branded goods, with attractive product and marketing concepts. Ekornes distributes its brands through a selection of financially sound distributors. This includes both chains and independent retailers.

A new sales and customer strategy was launched in 2015 to foster new growth. The strategy seeks to substantially increase the number of distributors in the majority of markets. However, to preserve the degree of exclusivity that ensures sufficient focus on the part of the individual distributor, two distinct but equal Stressless® collections have been put together. This allows Stressless® to be featured in a larger number of retailers, and thereby reach more consumers, without abandoning the principle of selective distribution.

Marketing concept Ekornes pursues a long-term and systematic brand strategy. Ekornes owns the three most well-known furniture brands in Norway (Ekornes®, Stressless® and Svane®). Stressless® is currently the most well-known furniture brand in Europe. Awareness of the brand in the American market is lower than in Europe. However, systematic efforts are being made to gradually increase brand awareness in this market area as well. Over 80 million people worldwide now recognise the Stressless® brand name.

The marketing concept comprises a variety of different elements which secure the desired profile and communication with consumers, while influencing the consumer's buying process. The concept is made up of in-store display solutions (studios), training and motivational activities for retail staff, national and regional marketing campaigns, as well as close collaboration with distributors in relation to local activities, advertising and digital communication.

Work to optimise the distribution structure is ongoing. In 2015 a strategic initiative got underway to increase the number of Stressless® distributors. New sales channels, such as chains and online sales, are opened in markets where this is expedient and where it complements the existing distribution network. The aim is to expand the total number of distributors and replace any that have fallen away. The establishment of two main Stressless®-collections, as well as advanced analytical tools, are used to ensure that the individual retailer perceives the distribution strategy as being selective and offering sufficient potential to warrant giving Stressless® a high priority in store. Ekornes makes every effort to continuously update and modernise its overall marketing concept in order to adapt to any changes in the market.

Online and digital communications account for a growing proportion of Ekornes's communications with both distributors and consumers. Considerable resources have been devoted to developments in this area in recent years. New tools intended to involve consumers and simplify the buying process have been implemented and are being continuously improved. New and more effective websites aimed specifically at the largest markets were launched towards the end of 2014. In recognition for its efforts, Ekornes received an American Advertising Award and the Norwegian Farmandprisen for best website belonging to a listed company in Norway. Further development of the Stressless® website will continue to have a high priority.

Competitors The competitive situation Ekornes encounters is complex and varies from market to market. In 2015, Ekornes continued to monitor and take action against copy products and the misuse of the company's brand names.

Ekornes actively seeks to protect its technical solutions, designs and brand names, and firm action is taken against any infringement of the company's rights. Rights to these intangible assets are registered in more than 40 countries.

Market overview

NORWAY The furniture market in Norway was buoyant in 2015. Sales of Stressless® products in Norway were more than 20 per cent higher than in 2014.

With regard to the Stressless® segment, Ekornes collaborates with the Møbelringen and Skeidar furniture chains, as well as independent retailers. A distribution agreement has been signed that gives increased exposure in all Skeidar stores. The brand's position and its level of recognition in the Norwegian market remain very strong. Norway has the highest per capita sales of Stressless® products of any market in the world. Stressless® products are sold in 141 retail outlets in Norway.

OTHER NORDIC COUNTRIES The furniture market in Denmark expanded by an estimated 4 per cent in 2015. In Sweden the market grew by 11 per cent. Although Stressless® sales in Denmark rose in 2015, the improvement was less than overall market growth. By comparison, Stressless® sales in Sweden and Finland grew by more than the overall market.

Awareness of the Stressless® brand in Denmark is second only to that in Norway. The same is true of per capita sales. In the other Nordic countries, both brand awareness and sales are not as strong.

A new distribution agreement has been entered into with the Møblør chain, which will increase availability and visibility in the Danish market. Stressless® products are now distributed through Ide Møbler, ILVA and Møblør, the most important furniture chains in Denmark, as well as a number of independent retailers. In Sweden agreements have been entered into with two chains: Svenska Hem and EM. Products are also distributed through independent retailers. This represents a significant boost to the distribution structure in the Swedish market.

CENTRAL EUROPE (Austria, Germany, Netherlands, Poland, Slovenia, Switzerland) Ekornes's office in Hamburg oversees the region, supported by local salespeople/agents in the individual countries.

In Germany, the largest market, overall sales of upholstered furniture grew slightly in 2015, though sales of Stressless® products remained relatively flat through the year.

The Stressless® collection was split into two in 2015, which provides a basis for increasing the number of distributors. However, this is not expected to have any impact on sales until the second half of 2016.

After many years of extensive and systematic marketing efforts, the company has built up a strong position, both with respect to retailers and the consumer. In Germany, Switzerland and Austria, over half the population are familiar with the Stressless® brand. Stressless® products are sold through 535 retail outlets in Central Europe.


EKORNES
COLLECTION


SOUTHERN EUROPE (Belgium, France, Italy, Spain). Ekornes's Southern Europe office is located in Pau, France. Each country has its own sales force reporting to the office in Pau.

France is the largest market, accounting for around 70 per cent of the revenues generated in the region. The market remains affected by a weak economic situation, with some furniture manufacturers and distributors going into liquidation and closing down. This also affected sales of Stressless® products during the year, which were slightly down on 2014. In the second half of 2015 Ekornes's new collection strategy opened the way for growth in the number of distributors, and Stressless® products are now sold through 623 retail outlets in Southern Europe.

USA/CANADA/MEXICO Ekornes's office and logistics centre for USA/Canada/Mexico is located in Somerset, New Jersey.

Although the American furniture market continued to improve steadily through 2015, it is still 8 per cent below the peak year of 2006. The strongest growth in 2015 came in the lower price segments. Sales of Ekornes products in this region fell by 10 per cent in 2015.

Stressless® products are sold through 654 retail outlets in North America.

UK/IRELAND Ekornes's office for the UK/Ireland is located in London.

Overall market conditions in the UK are brighter than for several years. This also applies to the furniture and interior design market. Although Stressless® is the largest brand within the Scandinavian armchair segment, competition from other manufacturers of similar products contributed to a slight downturn in revenues through the year. Towards the end of the year, a programme was initiated to broaden distribution in the region in addition to the introduction of new products to address the competition for customers. Stressless® products are sold through 173 distributors in the UK and Ireland.

JAPAN Ekornes's office is in Tokyo, while warehousing and assembly are undertaken by a third-party logistics company located outside the city.

The Japanese markets shows generally little sign of improvement, and consumers are restrictive with regard to spending. The Stressless® distribution network comprises a combination of prestigious department stores, retail chains and independent furniture retailers. Overall sales of furniture have been falling, both in department stores and independent retailers. Ekornes's performance reflects this negative trend, with Stressless® sales down by around 7.5 per cent in 2015. At the close of the year, Stressless® products were sold through 470 retail outlets in Japan.

ASIA (China, Hong Kong, India, Indonesia, Korea, Singapore, Taiwan). In recent years Ekornes has gradually made changes to pave the way for further growth in the Asian markets. Ekornes has exclusive agreements with importers in Hong Kong, Korea, Indonesia and India. Ekornes itself acts as importer in the other markets.

The largest market is Korea, which accounted for just under 40 per cent of total revenues in the region in 2015. Through the year the importer has reduced the volume of stocks held, which has resulted in a fall in order receipts for Stressless® products, while sales in the market have remained stable.

In April 2015 Ekornes took direct control of the China/Hong Kong market, and developments through the year were exceeded expectations. At the close of the year, agreements had been entered into with 27 distributors, and efforts are being made to systematically expand Stressless® distribution channels in this market.

The remaining markets in the region have remained stable.

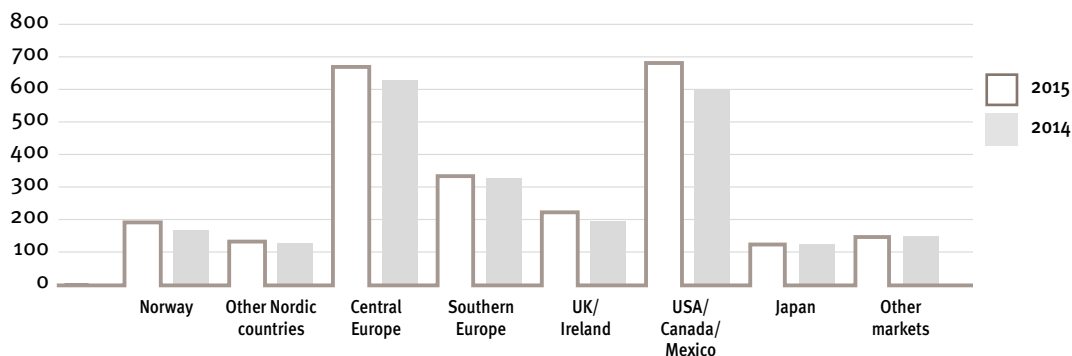
AUSTRALIA/NEW ZEALAND Ekornes's office and warehouse for Australia are located in Sydney. New Zealand is served by an external importer, with follow-up from Ekornes's office in Sydney.

The improvement in Stressless® sales continued in both markets in 2015. This is primarily the result of better promotional campaigns, broader marketing activities and an upgrading of in-store displays. Efforts are currently underway to further expand distribution by exploiting the opportunities afforded by Ekornes's new collection strategy – particularly in Australia. At the close of the year, Stressless® products were being sold through 83 distributors in the region.

OTHER MARKETS Activities in other markets remain modest.

Sales revenues by market

NOK mill.



IMG



Start-up
2006



Employees
799



Factories
3

IMG is organised as a fully independent division within the Ekornes Group. IMG Group AS acts as the holding company for all IMG companies. IMG Group AS is wholly owned by Ekornes ASA.

In addition to its head office, IMG comprises two manufacturing companies with three separate factories (two in Vietnam and one in Thailand) and four sales/distribution companies. IMG also has an operational sales department for Asia organised through the factory in Thailand.

The head office in Norway encompasses product development, quality assurance and marketing, as well as finance and accounting. In markets where IMG does not have its own sales companies, head office also manages almost all direct sales to distributors.

Production At close of 2015, IMG's production capacity stood at 425 seat units per day.

Nordic-style recliners featuring laminated wood components are manufactured at the Group's factory in Thailand. IMG Thailand produces its own wood, steel and moulded foam components. Raw laminated components are bought in, but all processing is carried out in Thailand.

Reclining chairs and sofas with integrated footstools and fixed-back sofas are manufactured at two plants in Vietnam. The first factory in Vietnam was opened in 2007 and the second in late 2013. In addition to cutting, sewing, upholstering and assembly operations, IMG Vietnam produces wood and steel components, mechanisms, as well as injection and block moulded foamed plastic elements.

At the close of 2015, IMG had 739 employees in Vietnam and Thailand.

IMG Thailand

Produces armchairs with laminated wood features.

IMG Vietnam (1)

Produces armchairs and sofas with footstools.

IMG Vietnam (2)

Produces wood components, steel parts and mechanisms.





Revenues in NOK mill.	Share of revenues in %	Sales outside Norway in %
431.5	13.6	78.9

Products and product developments IMG creates furniture based on a Scandinavian approach. IMG's entire range is designed, engineered and tested by IMG's Norwegian product development team. IMG aims to produce comfortable and functional furniture of high quality at a sensible price.

Towards the end of 2015, IMG launched the new Regal series, which takes an exclusive approach to the more traditional Scandinavian recliner with footstool. In addition to featuring IMG's innovative Acti-Flex system, the series is being made available in several models and sizes.

IMG has also introduced the Ergo-Tilt function on the Space series, a range of armchairs with a up-to-date design.

During 2015 IMG's existing collection was further developed with the aim of offering greater choice in terms of design, function and comfort. IMG has also started several major development projects for recliners with integrated leg rests, which are planned for completion in 2016-2017.

Markets IMG's largest markets are Scandinavia, Australia/New Zealand and the USA/Canada. In addition, IMG has some sales in Asia, Europe and the rest of the world. The Group achieved growth in all its core markets in 2015, but the market situation became more challenging in the second half-year, as a result of greater turbulence in the global economy and uncertainty surrounding typical raw materials economies, such as Norway, Australia and Canada.

Scandinavia Sales to the Scandinavian market are managed from IMG's office in Sykkylven, Norway. IMG increased sales in Norway and Sweden in 2015, while developments in Denmark were weaker.

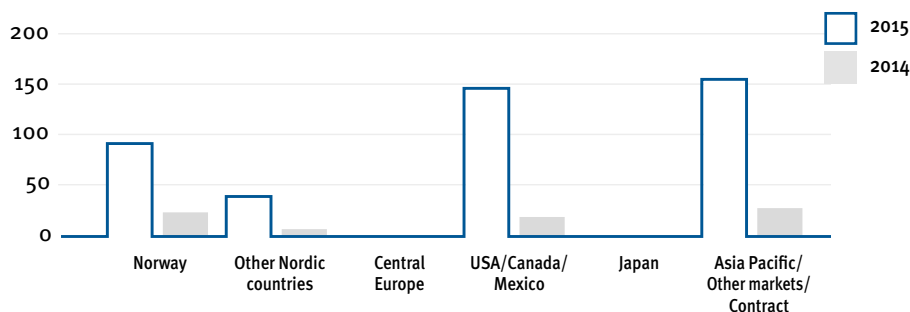
Australia/New Zealand IMG has offices and warehouses in Melbourne and Auckland, which handle sales and distribution in their respective countries. Despite the weak economic situation, IMG experienced growth in both markets in 2015. Although the market is expected to remain challenging, IMG believes the proximity of its manufacturing facilities and overall competitive strength are likely to afford opportunities for continued growth in these markets.

USA/Canada IMG has a sales, warehousing and distribution company located in Corona, California. This company services almost all those customers in the USA who make use of IMG's portfolio of stock-held products. In addition, IMG has some direct sales to larger groupings in the USA. All sales to Canada are also channelled via direct deliveries from the factories to distributors, and are handled by local representatives under the direction of IMG Group AS. In the USA sales of stock-held products rose in 2015, while sales in Canada increased less sharply.

Asia, Europe and other markets All sales in Asia, Europe and other markets are handled partly by local representatives and our own employees under the direction of IMG Group AS. Sales go direct to distributors and importers/distributors. The company does not have its own warehouse facilities in any of these markets.

Sales revenues by market (figures for 2014 are for November and December only)

NOK mill.



SVANE®



Start-up
1935



Employees
107



Factories
1

The “bedroom” segment is served by the subsidiary Ekornes Beds AS through the Svane® brand. Svane® was the foundation of Ekornes as a corporation, its history stretching right back to 1935. The brand is one of the most well-known in the Norwegian furniture market, with an unassisted recognition rate of just over 52 per cent. Production of Svane® mattresses was moved to Nerdrum, not far from Oslo, in the mid-1960s. In 2015 Ekornes Beds AS continued its major restructuring programme, focusing strongly on the achievement of a differentiated market position. A high priority was also given to the renewal of the product portfolio in terms of both design and function. The restructuring process, which commenced in 2013, has produced substantially improved financial results in 2014 and 2015.

Production The factory at Fetsund has also seen significant changes in recent years. Every part of the value chain has been put out to competitive tender, with the result that large parts of the sewing room and pocket spring production have been outsourced. The factory is still producing IntelliGel®, foamed plastic, fibre, quilting and some wooden frames. The company has rational manufacturing of large product runs. In 2015 it further improved the efficiency of its production processes. This work will continue in 2016.

EKORNES BEDS AS

Fetsund



Svane® Zense adjustable bed



Revenues in NOK mill.

239.5

Share of revenues in %

7.5

Sales outside Norway in %

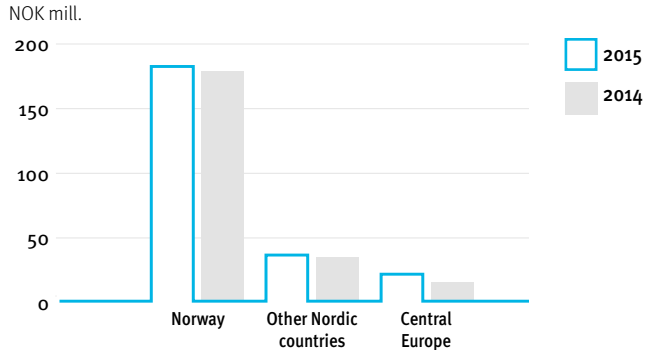
23.8

Product development In line with the company's strategy plan, product development had a high priority in 2015. In the autumn of 2014, an entirely new collection of divan beds was launched, called Svane® 630™, with a matching collection of accessories. These products went on general sale in 2015, and were well received in the market. This part of the portfolio has taken the Svane®-collection's visual expression to a new and higher level. The Svane® 630™ collection was further enhanced in the autumn of 2015 with the launch of a new series of adjustable beds.

Market The market for beds/mattresses is highly competitive, with generally little focus in the market on differentiation/positioning. This has resulted in intense competition on price, which puts pressure on the margins of both manufacturers and distributors. Ekornes Beds AS has the rights to several unique "basic elements", which all play a central role in supporting the company's new positioning statement: "It's the inside that counts". This is helping to increase the potential for a successful international expansion of the Svane® brand. Without unique product concepts, it would be difficult for a Norwegian manufacturer to succeed outside of Scandinavia.

Compared with 2014, sales revenues in 2015 rose in Norway, the rest of the Nordic region and in Germany. In Germany/Switzerland efforts were made to improve/expand distribution of the Svane® collection, which resulted in a 25 per cent increase in sales during the period. Distribution was also extended in Finland, resulting in sales growth of 26 per cent during the year

Revenues by market



Svane® Saga divan bed



EKORNES CONTRACT

	Start-up 1989		Employees 7	Revenues in % 1.7	Revenues in NOK mill. 53.5
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From offices in Sykkylven, Ekornes® Contract focuses primarily on the shipping/offshore market and the hotel markets. It also supplies the Norwegian office furniture market.

Market Developments in the office furniture market were weaker than expected in 2015. The situation in 2016 is expected to be challenging. The shipping and offshore market accounts for over 60 per cent of Ekornes® Contract's revenues. Developments in this market were significantly weaker in 2015 than the year before. This trend will intensify in 2016 as a result of the difficulties experienced by the offshore service sector

EKORNES CONTRACT AS
Sykkylven



“Ekornes sees good corporate governance as involving candid, substantive and responsible dialogue and interaction between shareholders, the board of directors and the company’s management, based on a long-term perspective and with value creation as its aim.”



CORPORATE GOVERNANCE

Ekornes sees good corporate governance as involving candid, substantive and responsible dialogue and interaction between shareholders, the board of directors and the company's management, based on a long-term perspective and with value creation as its aim.

1. Corporate governance at Ekornes

Ekornes' board and management endorse the Norwegian Code of Practice for Corporate Governance. A review is performed annually to ensure continued compliance with the Code of Practice. Ekornes complies largely with the Code of Practice. Any minor non-compliances with respect to the Code of Practice will be commented. As a result of this internal process, the company has issued an internal code of conduct. The guidelines for the company's values and code of conduct are included in the company publications "Objectives and Values" and "Code of Conduct" for the Ekornes Group, both of which are available at the company's website, www.ekornes.com. The "Code of Conduct" is reproduced in extenso elsewhere in this annual report. Ekornes endorsed the UN Global Compact in 2009.

2. Business and objectives

Ekornes shall be one of the most attractive and leading brand name suppliers of furniture and mattresses for home use, both nationally and internationally. The company's articles of association are more general with regard to defining what business activities the company shall undertake. Article 2 of the company's articles of association states: 'The company's purpose is to operate business activities and whatever may be associated therewith, including participation in other companies.' The strategies, goals and values that apply to the company's business are set out in its handbook "Objectives and Values for the Ekornes Group".

3. Share capital and dividend

Equity

Ekornes shall have an equity ratio of at least 40-50 per cent. The board thinks it is important that the company has at all times sufficient financial flexibility and strength. As at 31 December 2015, group equity before dividend totalled NOK 1,339 million (52.3 per cent).

Dividend policy

Ekornes will manage its shareholders' investments in such a way that their return, measured as the sum of dividend and increase in share price, will be as high as possible over time. The company aims to pay a dividend each year. At least 30-50 per cent of the Group's profit after tax will be paid as dividend. However, account will be taken of necessary capital expenditure and the rate of growth. The company will strive for stability in its dividend policy. The Annual General Meeting (AGM) determines the dividend to be paid each year on the basis of a proposal tabled by the company's board of directors.

A dividend of NOK 4.00 per share was paid out for 2014. For 2015 the board is proposing to the AGM that an ordinary dividend of NOK 4.00 per share be paid. The company's financial position is sound. In proposing the dividend for 2015, the board has attached particular importance to maintaining a stable dividend payout over time, while according weight to general market conditions, the company's investment requirement and financial position.

Board authorisations – authorisation to purchase treasury shares

The board is authorised to purchase treasury shares having a total face value of up to NOK 736,535. When acquiring treasury shares, Ekornes ASA shall pay no less than NOK 30 and no more than NOK 200 per share with a face value of NOK 1.00. The authorisation is valid until the 2016 AGM and is recorded in the Brønnøysund Register Centre.

4. Equal treatment of shareholders and transactions with related parties

The company has only one class of shares. In principle, existing shareholders have pre-emption rights with respect to any share capital increase. Particular circumstances may result in this principle being waived. A proposal explaining the reason for such a waiver will then be put to a general meeting of shareholders for a final decision. The general meeting has so far authorised limited purchases of treasury shares in order to acquire the number of shares required in respect of bonus and option schemes. The current bonus schemes for management and other employees are paid in cash. Any trading in treasury shares is conducted through the Oslo Stock Exchange.

Otherwise, the company abides by the proposed guidelines for transactions with related parties, under the terms of which valuations by independent third parties and notification to the board of directors shall be carried out in the event of not-immaterial transactions or material interests. The company's articles of association place no restrictions on voting rights.

5. Free transferability

Article 5 of the company's articles of association states that: 'Shares are freely transferable'. Ekornes endeavours to maintain an open and active dialogue with investors to create the broadest possible interest in the company, both in Norway and abroad.

6. General meetings

The 2016 Annual General Meeting will be held on 3 May 2016. The company's procedures and arrangements with regard to the holding of the AGM are in complete compliance with the guidelines set out in the Norwegian Code of Practice for Corporate Governance. The invitation to the AGM and the minutes are available from the company's website, www.ekornes.com – under Investor Relations.

An invitation to attend shall be sent out at least 21 days before the date set, which meets the minimum Statutory requirement and the requirements of the new Code of Practice. The invitation, all relevant documentation relating to agenda items and the nomination committee's recommendations are available from the company's website from the same date. The company's financial calendar is published through the Oslo Stock Exchange and is available from the company's website, www.ekornes.com.

Shareholders may give notice of their intention to attend the AGM by post, fax or email. The board encourages as many shareholders as possible to attend the AGM. Shareholders who are unable to attend in person are encouraged to do so by proxy. The company will help arrange proxy authorisations. Proxy authorisation may be restricted to specific items on the agenda. Information relating to the procedures for attending via a proxy, a proxy form and information about the appointed person who may vote for the shareholders as proxy are enclosed with the invitation. As a minimum, the Board Chair, the chair of the nomination committee and the auditor shall attend. Management shall be represented by at least the CEO and the CFO.

At the opening of the AGM, arrangements will be made to elect an independent chair, in accordance with the Code of Practice. When electing representatives to the board or other company bodies, it shall be possible to vote for individual candidates. The outcome of votes by the general meeting will be published immediately (and within the recommended deadline) after the general meeting has been held.

7. Nomination committee

The requirement for a nomination committee is set out in Article 9 of the company's articles of association. The committee shall comprise three members elected by the AGM. The members must be shareholders or shareholder representatives. The AGM also elects the nomination committee's chair. The nomination committee itself proposes candidates to the nomination committee for the AGM's approval.

In 2015 the nomination committee comprised:

- Tomas Billing (requested by Nordstjernen AB), Chair
- Olav Arne Fiskerstrand (requested by Sparebanken Møre)
- Marianne Johnsen (requested by the Government Pension Fund Norway)

None of the nomination committee's members is a company director or member of group management. The nomination committee's remuneration is determined by the AGM.

8. Corporate Assembly and board of directors, composition and independence

The company does not have a Corporate Assembly. The board of directors comprises five members elected by the shareholders. The nomination committee proposes names for shareholder-elected candidates before the elections. Furthermore, the board of directors comprises three members and one observer elected by and from among the workforce. An agreement with the employees, approved by the Company Democracy Committee, underpins this arrangement. According to the company's articles of association, the board of directors shall comprise 3-8 members at the discretion of the AGM. The majority of shareholder-elected directors are independent, both with respect to group management, important business associates and the main shareholders. Directors are elected by the AGM for a term of two years. Kjersti Kleven has chaired the board since March 2014. No member of group management is a director. Ekornes has endeavoured to ensure that directors' backgrounds, competence and capacity are suited to the Group's business activities and its need for diversity. All shareholder-elected board members are independent with respect to the company's business associates. With the exception of Stian Ekornes and Nora Förisdal Larssen, all board members are independent of the company's main shareholders. For further information, please see the presentation of the board elsewhere in this annual report.

9. Board responsibilities

Norwegian law lays down the tasks and responsibilities of the board of directors. These include the overall management and supervision of the company. Towards the end of each year, the board adopts a detailed plan for its meetings in the following financial year. This plan covers the follow-up of the company's operations, internal control, strategy development and other issues. It also includes a discussion and assessment of the board's experiences and the organisation of its own activities, with proposals for improvement. The company complies with the deadlines issued by the Oslo Stock Exchange with regard to interim reports.

Internal auditing is a fixed item on the agenda of one board meeting during the year. The company's auditor is also present at this meeting. The Ekornes Group does not have a specific internal auditing unit. Risk monitoring and internal control of the finance and accounting area is led by the CFO, who, together with the group chief accountant/head of corporate accounting, carries out routine follow-up activities and provides status reports to the audit committee. Uniform routines, guidelines and procedures have been drawn up within the accounting area. Each month the board receives financial reports showing the Ekornes Group's performance and status. In connection with the presentation of the year-end financial statements, the CEO and the CFO declare that the accounts have been prepared in accordance with generally accepted accounting principles, and that to the best of their knowledge all information is accurate and no material information has been omitted. There is a clear division of responsibilities between the board and management of the company. The board is responsible for making sure that management's tasks are carried out efficiently and correctly within the legislative and regulatory framework, and in accordance with the board's responsibilities. The CEO is responsible for the Group's day-to-day operations. Job descriptions have been drawn up for the CEO and other senior executives.

The board held 12 meetings in 2015. The board emphasises the need to rotate the venue for its meetings to different operational units, both in Norway and abroad. This also includes visiting certain of the company's customers (distributors). The board's yearly plan and the minutes of its meetings are not confidential, except in certain individual cases, in which event this will be made plain to the directors attending the meeting. The smooth working of the board and its working methods and duties are discussed regularly and appear as a specific agenda item at one board meeting during the year. The board has not seen a need to follow the Code of Practice with respect to disclosing board members' attendances at board meetings in the annual report. This information is reported annually by the board to the nomination committee. Attendance in general is very good, and has been for a long time.

The board has discussed the need for board committees. The board has appointed a remuneration committee to consider and draw up guidelines and proposals for remuneration to senior executives, and a separate audit committee. Both committees have one employee representative. The other members are shareholder-elected. The committees were first appointed in the spring of 2010. The committees will prepare, draw up and present recommendations to the board of directors, however the entire board of directors will participate in the final consideration of all such recommendations. The company's remuneration policy and remuneration for the CEO and senior executives are dealt with at one of the board meetings and accounted for in the board's annual report. Separate proposals in respect of these matters are also presented to the AGM for consideration.

10. Risk management and internal control

The board of directors regularly receives financial reports that meet the board's needs with respect to supervision. The internal control systems relating to the field of accounting/finance comprise job descriptions, procedures, control routines and guidelines/templates for organising and performing the company's financial reporting and for its content/quality. Together with supervision of the organisation and performance of Health, Safety and Environment activities, this is intended to ensure that the company operates in compliance with relevant laws and regulations, and its internal rules and guidelines.

The company guidelines, laid down in "Objectives and Values for the Ekornes Group" and "Code of Conduct", provide guidance for employees in order to reduce the possibility of the company being placed in situations that may harm its reputation or financial standing. Evaluation of the operational risk, which includes marketing and sales developments, production and developments in the raw materials markets, are among those areas that are continuously reported to and reviewed by the board of directors. Relevant areas of risk, including foreign currency, HSE, internal auditing, finance and IT are reviewed no less than once a year.

The audit committee's main focus is internal control and risk monitoring.

11. Directors' fees

Directors' fees are determined by the general meeting. Directors' fees are not performance-related and share options are not granted to directors elected by the shareholders. All forms of remuneration to the company's directors are specified in the Notes to the financial statements.

12. Remuneration for senior executives

Guidelines for the remuneration paid to senior executives are determined by the board of directors pursuant to the remuneration committee's recommendations. The CEO's compensation package is determined at a meeting of the board. The framework for any share option schemes is determined by the board. Any decision to purchase treasury shares in order to implement this type of scheme, shall be taken by the company's general meeting. The bonus schemes in effect for management and other employees are described in the Notes to the Financial Statements. All elements of remuneration paid to group management and the board of directors are also presented in the Notes. These will be laid before the AGM.

13. Information and communication

A calendar of the most important dates is published on the Oslo Stock Exchange and on the company's website. Information to the company's shareholders is distributed via the Oslo Stock Exchange and the company's website on an ongoing basis, immediately after decisions have been made. This includes all interim reports and documents connected with general meetings. The company's financial calendar is published on the company's website www.ekornes.com under Investor Relations.

Communications strategy

Ekornes is subject to the Oslo Stock Exchange's regulations regarding information which may influence the price of Ekornes' shares. Taking this into consideration, the company's goal is for all employees to be at all times well informed about the company's situation. The company also wishes employees to be well informed about what is happening in other parts of the organisation. Management will ensure that the flow of such information is systematic and the timing of its publication predictable. Moreover, Ekornes shall be associated with integrity, candour and high ethical standards. A separate internal communications plan has been drawn up. Ekornes feels it is very important for shareholders and investors to be fully informed about the Group's performance and financial position. It is also important for information to be made available to the entire stock market at the same time. The company strives to treat all shareholders/investors and analysts equally. Company management holds open presentations in connection with the publication of each interim report. Group management also holds regular meetings with analysts, investors and shareholders during the year. The exchange of information with distributors and suppliers is important to avoid mutual surprises and promote understanding for each party's strategy and actions.

Ekornes is developing its IT systems to improve the day-to-day flow of information between group companies, key distributor organisations and suppliers. Ekornes' own information and communication systems will be continually updated to promote increased productivity.

Ekornes complies with the Oslo Stock Exchange's recommendations with respect to the publication of investor relations information.

14. Acquisition

The parent company Ekornes ASA's articles of association contain no limitations with regard to share acquisition. The shares are freely transferable. Transparency and equal treatment of shareholders is a fundamental principle.

15. Auditor

The company's principal auditor is KPMG. Each autumn the auditor prepares a plan for auditing activities in the coming year. The auditor attends the board's review of the company's internal auditing activities and provides his assessment of the status of the company's accounting practices, reporting requirements and internal controls. The audit committee will monitor the neutrality of the auditor. For large-scale consultancy projects, Ekornes uses qualified providers other than the company's auditor, who is given any resultant reports to read through and comment on. This practice has been chosen to comply with the requirement for auditor independence. However, the auditor is used in connection with activities that are closely related to the auditing function, such as assistance with the preparation and verification of the consolidated accounts and tax returns, interpretation of accounting and tax regulations, and as a discussion partner with respect to audit-related matters. Each year, the general meeting is informed of the company auditor's remuneration, allocated between ordinary auditing and other services. The amounts are presented in the Notes.

16. Other issues

Management of subsidiaries

All subsidiaries of the Ekornes Group have their own boards of directors, in which the parent company is represented by members of group management. The general managers of some of the Group's non-Norwegian companies are also directors of their respective companies. The boards of some subsidiaries also include external directors and employee-elected representatives.

CODE OF CONDUCT FOR THE EKORNES GROUP

In December 2013, Ekornes published an updated version of its Code of Conduct and anti-corruption policy. Both of these are presented below.

Anti-corruption policy

Ekornes has endorsed the UN Global Compact since 2009.

Through participation in the UN Global Compact, Ekornes is committed to operating its business responsibly in line with the UN Global Compact's ten principles, which also cover anti-corruption. Ekornes also encourages its business associates to comply with these principles. Ekornes has drawn up a new system with which to assess its suppliers' performance against the Global Compact's principles. The system went into effect in 2013.

The UN Global Compact is based on openness, both with respect to the company's dealings with all stakeholders and the challenges Ekornes meets at the local and global level. Since 2012 Ekornes has been a member of the UN Global Compact's Nordic network. Participation in the network enables Ekornes to exchange experiences with other businesses which have social responsibility high on the agenda.

Through the UN Global Compact, Ekornes is obligated to set goals for and work continuously to improve its practices in this area. Each year Ekornes reports its performance to the UN in the form of a Communication on Progress (COP). This may be found on the company's website under www.ekornes.no/om-ekornes/miljo-og-samfunnsansvar.

Ekornes will conduct its business activities responsibly, and will operate in compliance with all relevant laws, regulations and strict ethical norms. We support, and strive to live up to the UN's Global Compact. This means that in all parts of our operations we will maintain high standards with regard to:

1. Respect for and compliance with the Universal Declaration of Human Rights.
2. Respect for workers' rights and needs.
3. Environmental responsibility.
4. Combatting corruption in Norway and abroad.

This document, "Ethical Values and Anti-corruption Policy", as well as "Objectives and Values", have been distributed to all employees. These regulations have also been distributed to external relations and have been published on the company's website www.ekornes.no. Everyone within the company has a duty to follow up and comply with these regulations. Managers in all parts of the company have a special responsibility for their follow-up.

Code of Conduct for the Ekornes Group

1. 'Objectives and Values', company regulations, employment contracts and job descriptions also contain ethical rules with which the Ekornes Group complies. The rules contained in this overview should therefore not be considered exhaustive with respect to the Group's ethical standards.
2. A duty of confidentiality contained in company regulations, employment contracts or job descriptions does not prevent you from informing a superior should you become aware of breaches of regulations, legislation or rules laid down by the authorities. This also applies to internal guidelines, provisions or issues that might harm Ekornes' reputation or other parties' trust in Ekornes.
3. Ekornes shall comply with the laws, rules and regulations in the countries in which Ekornes companies have been established or in which business connections have been established.
4. In all contact with suppliers of raw materials, machinery, subsidiary materials and services of any kind, and contact with customers and other business connections, we shall aspire to honesty, integrity, openness, as well as correct and responsible business conduct. The objective is to arrive at the best offer for Ekornes.
5. Ekornes or employees of Ekornes shall not be party to "bribery" or its equivalent in order to achieve special advantages or access to such.
6. Business connections such as those mentioned above shall not be furnished with more information about Ekornes than they need to provide a satisfactory offer with respect to price, level of service, delivery times, technology and specifications, or what they need to exercise their business relationship with Ekornes.

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7. Suppliers and business connections shall under no circumstances receive information about other suppliers and business connections via Ekornes.
 8. Employees of Ekornes shall participate in trips, dinners and events arranged by suppliers and business connections only when there is a professional reason for the event/trip or it provides business-related opportunities. In cases of such participation the travel, entertainment and accommodation of employees of Ekornes shall always be paid by Ekornes.
 9. Employees of Ekornes are not permitted to receive improper benefits or gifts (in the form of products, services or trips, etc) from business connections other than small promotional items of limited value. The same applies to private purchases of goods at discounts from suppliers to Ekornes without the approval of a superior. Individuals must also avoid becoming in any way beholden to customers or suppliers.
 10. Suppliers and business connections shall be made aware of the contents of this document and also be made aware that any attempt to contravene these ethical rules could result in exclusion.

Accounting and internal control requirements

Ekornes requires transparency in all operations. All Ekornes entities shall therefore ensure that transactions are correctly registered and supported by proper documentation in accordance with local and international accounting principles. Anti-corruption law requires that Ekornes has in place effective internal accounting controls and maintains books and records that accurately reflect the companies' transactions. All entities within the Group must correctly account for income and expenditures, and must ensure that payments are not recorded falsely in company books.

All expenses shall be approved under standard company procedures, documented and recorded in accordance with appropriate accounting standards.

Organisation and follow-up

This document, "Ethical Values and Anti-corruption Policy", as well as "Objectives and Values", have been distributed to all employees. These regulations have also been distributed to external relations and have been published on the company's website www.ekornes.no. Everyone within the company has a duty to follow up and comply with these regulations.

Managers in all parts of the company have a special responsibility for their dissemination and follow-up.



RISK MANAGEMENT

Ekornes operates in many markets, on both the sales and purchasing side. This means that the Group has a diversified market, currency and sourcing risk.

Market conditions and business (strategic) risk

Ekornes has the bulk of its production in Norway, while 83 per cent of its revenues came from exports in 2015. The export rate is high within the Stressless® product area and low for mattresses. IMG imports furniture from Asia to Norway.

Since the 1970s, Ekornes' strategy has been to develop products and concepts that have international market potential. The distribution of sales in several markets provides continued opportunities for growth, at the same time as it spreads market risk and reduces dependence on individual markets and customers.

For Ekornes, business risk relates to economic cycles, market conditions, competition and changes in the competitive climate, as well as general patterns of consumption in the markets in which the company operates. Ekornes competes in a fragmented international market with many players on both the production and distribution (retail) sides. Structural changes with respect to the size of the players have been, and still are, greatest on the distribution side, while the production side is characterised by an increasing tendency for furniture manufacture to take place in low-cost European and Asian countries. Ekornes is aware of the challenges posed by such changes, and seeks to meet them through the constant improvement of its products, production methods, sourcing, marketing concepts and business relations. Ekornes invests continuously in new technology in order to stay ahead of its competitors and remain competitive in its chosen market segment, on the basis that the bulk of its Stressless® production takes place in Norway.

Financial and credit risk

Financial risk is largely associated with fluctuations in exchange rates (NOK to other countries' currencies) and credit risk relating to the ability of customers to pay (trade receivables). The Group's trade receivables are constantly monitored to identify any irregularities and limit bad debts and the risk of loss. Over time, Ekornes' competitiveness is affected by the movement of the NOK in relation to other currencies. The company actively seeks to limit this risk.

Currency and currency hedging

In Ekornes' main markets, the company wishes to operate with a long-term perspective. This means providing a stable operating framework for its own sales companies and for its customers (distributors). Ekornes sells its products internationally and invoices its customers in their respective countries' own currencies.

All matters relating to currency and currency risk are handled at group level. Currency hedging is an integral part of Ekornes' operating activities. IMG has no currency hedging.

As part of the company's efforts to reduce its currency exposure/risk, Ekornes seeks to purchase goods and services, to be used in Norway, in international markets, if doing so is cost-effective. Moreover, operations such as distribution, sales and marketing activities, with associated administration (customer service, invoicing, accounting, debt collecting) provide a natural opportunity to offset the company's currency risk (natural hedging). In addition to such natural hedging, the Group makes use of forwards contracts for hedging purposes. Hedging may cover a period of up to 36 months ahead in time. In the first quarter 2015 the hedging period was reduced to 18 months. This will not be fully effective until the first quarter 2018. It is the parent company's currency receipts from subsidiaries that are hedged.

One of the risks of this strategy is that growth may stagnate and sales revenues fall. The company will then find itself in a situation where it is overexposed with respect to the currencies in question. If the market rate on maturity (redemption) of the forward contract is higher than the hedging rate, the company will make a loss, since the volume of currency needed to fulfil the contract will have to be purchased at a higher price. On the other hand, if growth is higher than expected, this could result in the company having an open (unhedged) position (not enough contracts) in the currencies in question.

Ekornes operates in many different markets. Thus, the company has spread both its market and currency risk. The company has a portfolio of markets and currencies (basket), where a fall in the exchange rate with regard to one currency may, in certain circumstances, be compensated by a rise in another.

Cash flow risk

The Group's cash flow is followed up continuously. At the close of 2015 the Group had cash and cash equivalents totalling NOK 229.6 million in the form of bank deposits. It also had unused drawing rights amounting to NOK 506.3 million. The board considers the company's liquidity situation to be satisfactory.

Sourcing risk

At any given time Ekornes aims to have a minimum of 2-3 actual or potential suppliers for the strategically most important input factors. In some situations, this is neither possible nor expedient. The goal is that single supplier situations should be exceptions and, preferably, be avoided. Ekornes operates internationally on the marketing and sales side, and strives in a similar way to purchase goods and services globally.



INTANGIBLE ASSETS AND COMPETENCE

Ekornes is a competence-driven enterprise, and makes extensive use of advanced production equipment, including industrial robots. This means that manufacturing processes are highly automated. Knowledge of brands and brand-building, as well as international marketing, are also key elements in the business.

Intangible assets:

Registered trademarks (Ekornes®, Stressless®, Svane® and IMG)

- Patented technical solutions
- Registered designs
- Product concepts
- Well-developed and efficient market concept
- International marketing
- A well-developed international distributor network
- Registered domains
- Knowledge and experience of manufacturing
- International sourcing

None of these assets are included in the company's balance sheet.

Competence and training

Ekornes aims to be an attractive employer, offering career opportunities in a number of fields. One of the company's goals is to give employees as much opportunity as possible to influence their own work situation.

The extensive automation of the company's manufacturing facilities makes great demands on each employee. Good operational stability and the frequent implementation of successful modernisation projects confirm that the company's workforce is well able to handle the challenge.

Craft apprenticeships are a key area for Ekornes, and are firmly established within the company. Cooperation with lower and upper secondary schools and various training offices is beneficial for both young apprentices and operators taking their master craftsman's examinations. Ekornes seeks to meet future requirements for professional skills and work-related flexibility, and helps to focus on vocational training.

Ekornes has the equivalent of one full-time position devoted to following up craft apprenticeships and other training schemes. The individual department is largely responsible for determining its own training priorities.

External requirements with respect to safety and the environment are also taken into account when analysing the various departments' competence needs.

Management development has a key place in the Ekornes Group's strategy. The management development programme is based on the needs of each individual unit, and is intended to qualify individual managers to lead large units with a decentralised decision-making structure.

Company	No. of employees	% women	% men	No. of managers	% women	% men
Ekornes ASA	73	67 %	33 %	11	27 %	73 %
J.E. Ekornes AS	1142	46 %	54 %	39	18 %	82 %
Ekornes Beds AS	107	33 %	67 %	13	31 %	69 %
Ekornes Skandinavia AS	7	57 %	43 %	2	0 %	100 %
Ekornes Contract AS	7	71 %	29 %	1	0 %	100 %
IMG Group AS	6	17 %	83 %	3	33 %	67 %
IMG Skandinavia AS	9	44 %	56 %	2	50 %	50 %
Total	1351	46 %	54 %	71	21 %	79 %
Board members						
Ekornes ASA*		37,5 %	62,5 %			

*Of the board members elected by the shareholders, 40% are women and 60% are men.

ENVIRONMENT AND SOCIAL RESPONSIBILITY

Since its establishment in 1934 Ekornes has played an important role in the local community, and has been conscious of the social responsibility this entails. A sustainable Ekornes takes responsibility for the individuals and communities which are affected by its business activities, at the same time as it ensures profitability and financial security. This responsibility is part of the company's values and affects our entire value chain – from product development and manufacture to distribution and sales.

Ekornes has therefore implemented a number of measures at its plants to improve both the internal and external environment. New technologies, environment-friendly materials and product solutions have resulted in one of the most efficient manufacturing environments in the furniture industry today. Ekornes wishes to continue this effort and bring it to the attention of the market.

Environment policy

To ensure widespread focus on the environment, Ekornes has elected to include its environment policy in the company's overall "Objectives and Values" document, and make this available to all employees and external stakeholders.

The following key principles shall be upheld in all areas of the business:

- Ekornes shall be perceived as an environment-friendly company.
- Its products shall have the smallest possible impact on the environment and pose no health risk.
- Ekornes aims to minimise the risk to health in the workplace.
- Ekornes invests to prevent damage to health and the environment.
- Environmental information shall be freely available, eg through environmental product declarations (EPD).
- Ekornes shall communicate factually and openly about the way it handles its environmental responsibility.

This is further specified in a separate policy and associated targets for the various companies within the Ekornes Group.

Environmental management in the development and production of Stressless® products

The manufacturing company J.E. Ekornes AS reached a major milestone in 2015 when its HSE, quality and environmental management systems were certified in accordance with the ISO 9001:2008 and ISO 14001:2004 standards. This effort commenced in 2013 and has involved all areas of the organisation in a demanding and educational process. All along, the objective has been to further develop the management system to support systematic improvement efforts.

As part of the ISO certification process, J.E. Ekornes has had to map and manage the organisation's environmental aspects. This work has revealed areas where Ekornes sees opportunities to further improve its environmental performance. The systematic approach inherent in ISO 14001 also sets standards with respect to the measurement of environmental performance which make it easier to know whether any measures implemented result in real improvements.

The production companies IMG and Ekornes Beds have also worked hard in 2015 to improve their management systems, both through process descriptions and the strengthening of their workforces and competence. This work will continue in 2016.



Products and the environment

Ekornes considers the environmental impact of its products in a lifecycle perspective, ie from raw material extraction to ultimate disposal. Lifecycle analysis shows that the use of raw materials and manufacture of components in Ekornes's upstream value chain account for the bulk of its products' impact on the environment. For this reason Ekornes is constantly seeking new technologies, materials and product solutions which can reduce that impact. A long lifespan and the correct quality are important characteristics of an environment-friendly product. In 2016 Ekornes will update its lifecycle analyses and create EPDs using the Norwegian furniture industry's own EPD generator.

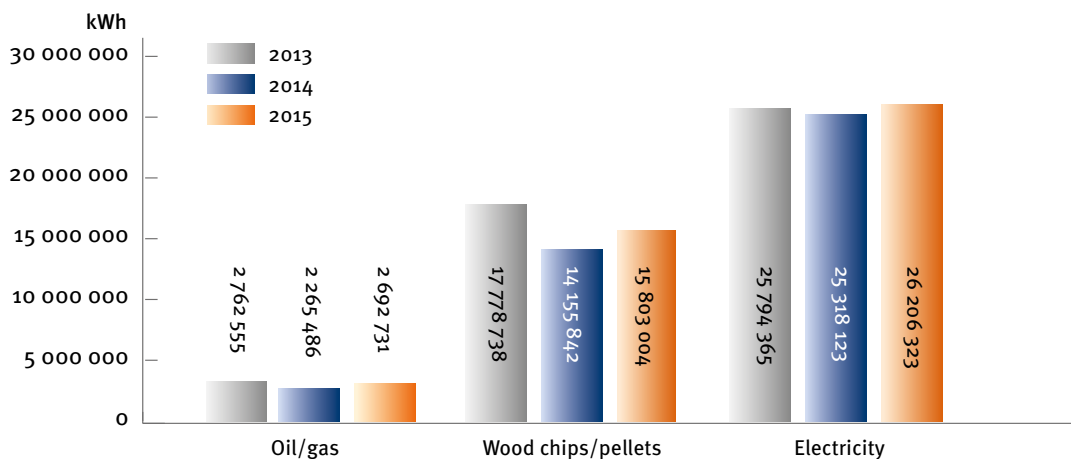
Health and use of chemicals

Ekornes, in keeping with the furniture industry in general, focuses on the use of chemicals in connection with the production of upholstery leathers, foamed plastics, textiles, surface coatings and adhesives. Ekornes works continuously to ensure that that the company's products do not expose users to chemicals that pose a hazard to health. For this reason Ekornes sets standards for its suppliers through purchasing specifications, that balance requirements for quality and environmental friendliness. Where necessary, Ekornes uses independent technical expertise to ensure that its specifications and testing are updated in line with applicable legislation and recommendations.

Heat and energy

Ekornes uses mainly bioenergy to heat its manufacturing facilities. Wood chips from its own waste are the main energy source for heating Ekornes's Tynes, Grodås, Vestlandske and Ikorannes plants. The Ikorannes, Tynes and Hareid plants also use heat pumps for heating. The five plants located in northwest Norway consider oil an alternative energy source, which is used only in exceptional cases on the coldest days. The objective is to phase out oil use by 2020. The Fetsund plant uses wood chips, electricity and oil for heating, while the factories in the USA, Thailand and Vietnam are less affected by the climate and therefore use the bulk of their energy consumption to operate their equipment.

A major analysis of energy consumption at Ekornes's factories in northwest Norway was completed in 2015. The analysis was undertaken as part of a joint programme of energy management by business and industry in Sykkylven. The objective is to reduce energy consumption through improved management and the implementation of physical measures at the companies concerned. J.E. Ekornes AS aims to reduce its own electricity consumption to 50 kWh per seat unit produced by 2020. All the Norwegian factories cut their electricity consumption in 2015. The aggregate reduction was 6 per cent compared with 2014. This is not shown in the table below, since it is a compilation of the Ekornes Group's overall energy consumption, which – with effect from 2015 – also includes IMG's factories, whose combined energy consumption came to 2.18 GWh. Electricity consumption in the USA was considerably higher in 2015, which also contributes to the increase shown below. On the other hand, use of natural gas has been substantially reduced.



Waste handling

Ekornes sorts all its waste at source in accordance with applicable regulations and in such a way that the bulk of the waste is recycled or used for energy recovery. Ekornes wishes to use as much as possible of its waste for heat production or as raw materials for its own production (recycling). J.E. Ekornes AS aims to reduce the proportion of waste that cannot be reused at the plants or recycled from around 2 kg per seat unit in 2015 to 1.5 kg by 2020.

By-products that can be exploited by the factories include offcuts and woodchips from the production of wooden components, which are an important energy source for Ekornes. Another example of resources that are recycled straight back into the production cycle are offcuts of foamed plastic or fibre, which are collected, shredded and remoulded. In 2015, 234 tonnes of foamed plastic, offcuts or gel were recycled in this way. In addition to using offcuts from production at its own factories, Ekornes generates by-products that are a valuable raw material for other enterprises. Hides are a valuable raw material, which Ekornes and IMG work hard to make maximum use of. Any leather offcuts which still cannot be used for furniture production are collected and sold to producers of small articles.

The table below shows a summary of the waste statistics for the Group's plants in Norway and the USA. Routines for measuring and reporting waste at IMG are currently being devised.

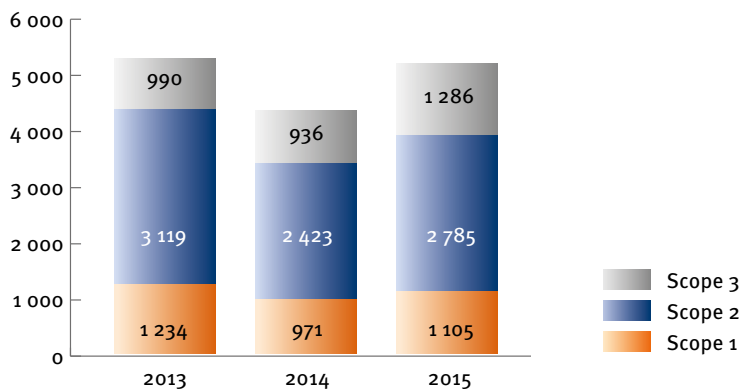
Figures in tonnes per plant	Ikornnes	Tynes	Vestlandske	Grodås	Hareid	Fetsund	Morganton	Total Norway & USA	%
Not combustible/landfill	8,3	0,0	0,0	36,6	1,0	0,0	65,7	111,7	1,6 %
Mixed residual waste/industrial waste for incineration/energy recovery	301,8	107,4	23,1	32,3	28,5	187,9	0,0	681,0	9,5 %
Wood/bioenergy for incineration at own or external facilities	1357,6	1 650,6	10,8	1 494,5	1,7	230,4	0,0	4 745,6	66,2 %
Materials recycling (leather, foamed plastic, steel, plastic, cardboard, polyester fibre)	1 133	33,1	27,6	4,1	9,0	225,4	56,9	1 489,2	20,8 %
Hazardous waste/waste electrical items	98,40	14,3	0,0	5,2	0,5	25,2	0,0	143,6	2,0 %
Total volume of waste	2 899,1	1 805,4	61,5	1 572,8	40,7	669	122,6	7 171,1	100,0 %

Emissions

Direct emissions to air from the manufacturing process are primarily generated by oil and solid fuel boilers. There are also some emissions of diisocyanate gas and carbon dioxide from the production of foamed plastic at the Fetsund and Ikornnes facilities. In addition to this, there are some emissions deriving from internal transport between Ekornes's plants, as well as business travel. The bulk of the production processes involving water consumption are performed in closed systems. Discharges to water are normally channelled through our own and local authority waste treatment facilities, or are delivered to an approved recipient, depending on their classification. In 2015 IMG invested in new facilities for the treatment of process water at its factories in Thailand and Vietnam.

Each year Ekornes reports the Group's greenhouse gas emission figures to CDP (formerly the Carbon Disclosure Project). CDP ranks companies in accordance with the openness and completeness of their climate change reporting. In 2015 Ekornes's total carbon footprint was calculated at 5176.7 tonnes of carbon equivalents. Emission reporting is divided into three so-called "scopes". For Ekornes, emissions in Scope 1 (direct emissions), derive from transport, heating with natural gas and oil, as well as carbon released during polyurethane foam production. Scope 2 encompasses emissions deriving from the consumption of electricity generated by a third party. Scope 3 (indirect emissions) is associated with the treatment of waste, air travel and authorised business use of motor vehicles. The increase from 2014 to 2015 is largely attributable to the inclusion of IMG's electricity consumption in Scope 2 and IMG's air travel in Scope 3.

Carbon footprint, Group (tonnes CO2 equiv.)



Corporate social responsibility

Through its participation in the UN Global Compact, Ekornes has undertaken to operate its business responsibly in line with the UN Global Compact's 10 principles covering human rights, anti-corruption, labour rights and the environment. The UN Global Compact is based on openness both with respect to dialogue and learning in relation to all the company's stakeholders and the challenges Ekornes is facing both locally and globally.

A summary of the work done by Ekornes with respect to the environment and social responsibility is reported annually to the Global Compact in the form of a "Communication on Progress" (COP), and complements the information provided in this annual report. The COP report is the Group's reporting pursuant to section 3-3c of the Accounting Act. Ekornes's COP is available from the Global Compact's website or the company's website www.ekornes.co.uk/about-ekornes/environmental-and-social-responsibilities.

Ekornes and the local community

Ekornes has a long tradition of contributing to the local communities in which it has established operations. Ekornes depends on having a qualified labour force at all its manufacturing plants, and the company's involvement in the local community contributes to an enjoyable working environment for staff. Ekornes makes an annual Christmas donation to worthy causes in the local community.

Ekornes places a high priority on vocational training, which is well entrenched in all parts of the company. In 2015 Ekornes had 26 apprentices in 11 different trades. Collaboration with lower and upper secondary schools and various training offices provides positive benefits to both local communities and the company. Ekornes also facilitates Norwegian language tuition for employees whose first language is not Norwegian.



HSE

Health, safety and the environment (HSE) has a high priority at Ekornes, and the company invests considerable resources each year to make workplaces safer and reduce the extent of physically strenuous operations. Ekornes aims to minimise the health risk encountered in the workplace and minimise the risk of harm to people or the environment.

The automation of various work processes continued during the year. This has resulted in a reduction in physically strenuous operations.

In 2014 a company-wide management system for quality, HSE and the external environment was introduced at J.E. Ekornes AS (the Stressless® plants). The management tool TQM-Enterprise has been used in 2014 and 2015 to assist in the company's systematic HSE activities. The company's factories in northwest Norway achieved ISO certification in 2015.

Special regulations

Ekornes has facilities for the production of foamed plastic at J.E. Ekornes AS's Ikorntnes plant and at Ekornes Beds AS. Isocyanates, which are hazardous to health, are used in connection with the production of foamed plastic. The facilities have the capacity to store over 100 tonnes, and are therefore subject to major accident regulations. Safety reports have been prepared at both sites. These are regularly updated and submitted to the authorities in accordance with the major accident regulations. The companies have emergency response plans that are designed to address the issues described in their safety reports. The regulatory authorities perform annual inspections of both plants, and both meet existing environmental regulations.

Health

The Group had an overall sickness absence rate of 3.35 per cent in 2015. 2015 is the first year IMG, the sales offices and J.E. Ekornes Inc's Morganton plant have been included in the statistics. Long-term sickness absence (over 16 days) accounted for the bulk of the sickness absence recorded. Management at the individual factories continued to take action to reduce the sickness absence rate in 2015, eg through occupational rehabilitation committees and individual follow-up. During the autumn, a working environment survey was undertaken among employees of the Norwegian plants. The results from this survey have been reviewed and followed up in the individual departments.

Injuries

Ekornes aims to achieve zero work-related injuries through the year. A total of 25 lost-time injuries occurred in 2015. 2015 is the first year that IMG and J.E. Ekornes Inc's Morganton plant have been included in the statistics. The Norwegian plants saw a slight reduction in the number of injuries compared with 2014 (-2 injuries).

The H1 value (number of lost-time injuries per million hours worked) for the Group as a whole came to 5.7.

Industrial safety – emergency response

Every factory has an established industrial safety organisation. Emergency response plans are drawn up by the factories, and all carry out the necessary training and exercises.

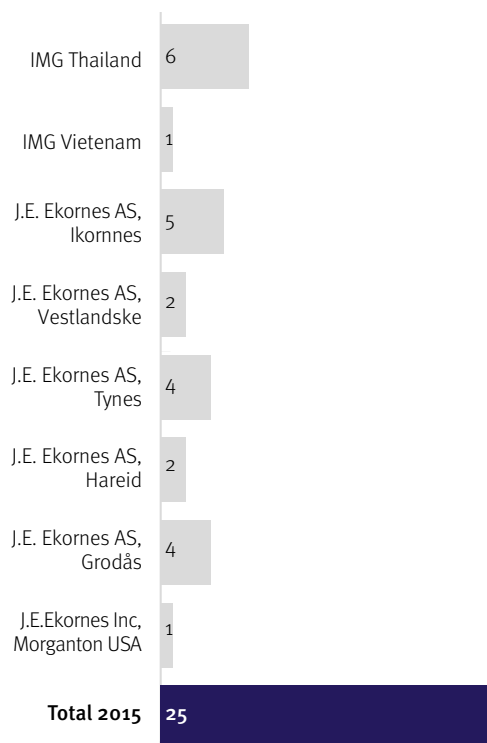
Inclusive Working Life (IA) Agreement

In October 2011 Ekornes entered into an Inclusive Working Life (IA) agreement with the Norwegian Labour and Welfare Administration's Working Life Centre in Møre og Romsdal. Initially the agreement covers the Hareid, Sykkylven and Grodås plants. The IA scheme derives from an agreement to promote a more inclusive working life which was entered into by organisations representing Norwegian employers, employees and the government. The objective is to make it possible for everyone, who is willing and able, to work. Companies who enter into an agreement with the Norwegian Labour and Welfare Administration (NAV) become IA companies, with access to special services and provisions. Work under this agreement continued in 2015.

Sickness absence in 2015

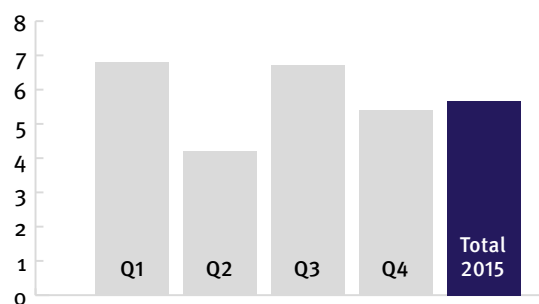
(Figures in %)	Total sickness absence
J.E. Ekornes AS, Ikkornes	7.7 %
J.E. Ekornes AS, Vestlandske	9.6 %
J.E. Ekornes AS, Tynes	4.0 %
J.E. Ekornes AS, Grodås	7.4 %
J.E. Ekornes AS, Hareid	5.6 %
J.E. Ekornes Inc, Morganton USA	3.8 %
Ekornes Beds AS	5.8 %
Ekornes ASA	3.0 %
Ekornes Contract AS	2.3 %
IMG:	
IMG Thailand	0.8 %
IMG Vietnam	0.6 %
IMG Salg	1.5 %
Sales offices:	
Skandinavia	0.1 %
Finland	1.0 %
UK/Ireland	0.8 %
Central Europe	4.3 %
Southern Europe	0.3 %
USA/Canada/Mexico	1.2 %
Asia	2.9 %
Japan	0.1 %
Australia/New Zealand	2.0 %
Total for the Group	3.4 %

H1 in 2015 as a whole



H1 by quarter and for 2015 as a whole

H1 = no. of lost-time injuries per million hours worked



The Board of Directors 2015



STYRET



Kjersti Kleven (1967)
Chair

Position: Investor through John Kleven AS.

Education: Degree in Sociology from the University of Oslo (UiO).

Board memberships: Chair of Kleven Maritime AS with associated subsidiaries, Kleven Maritime Holding, John Kleven AS the Norwegian Federation of Industries' Maritime Industry Association. Vice-Chair of SEA Europe, member of the Norwegian Minister for Trade & Industry's Strategic Council on Maritime Development and Vice-Chair of Sparebanken Møre's Corporate Assembly.

Experience: Researcher with the Institute for Labour and Social Research (FAFO), personnel manager with Rolls-Royce Marine and project manager with Nordvest Forum. Chair of the Federation of Norwegian Industries' Governing Board.

No. of shares: 0



Jarle Roth (1960)
Vice Chair

Position: CEO Eksportkreditt Norge AS.

Education: Master of Economics and Business Administration (Norwegian School of Economics, NHH).

Board memberships: Chair of Norske Skog, and has broad experience from directorships within industry and the maritime sector.

Experience: CEO of Eksportkreditt Norge. Has been Vice CEO of Umoe Gruppen and CEO of Unitor ASA.

No. of shares: 0



Nora Förisdal Larssen (1965)
Board member

Position: Senior Investment Manager, Nordstjernen.

Education: MSc in Economics (NHH), MBA Duke University, USA.

Board memberships: Board Chair of Etac AB, Board member of Nobia AB and Filippa K Group AB.

Experience: Partner McKinsey & Company, Product Line Manager Electrolux Europe.

No. of shares: 0



Stian Ekornes (1963)
Board member

Position: Investor.

Education: The Norwegian Merchants Institute (today BI Varehandel).

Experience: 25 years of experience in the furniture sector. Broad experience from directorships, primarily in the areas of furniture, the building trades and property.

No. of shares: 110 448 (Stian Ekornes Holding AS).



Lars I. Røiri (1961)
Board member

Position: CEO Scandinavian Business Seating Group AS.

Education: Master of Economics and Business Administration (Norwegian School of Economics, BI).

Board memberships: Member of the boards of Norsk Design og Arkitektursenter, and Cappelen Holding AS. Member of the PE company Ratos Norwegian Advisory Board.

Experience: CEO of Scandinavian Business Seating Group AS. Former commercial management positions at Tomra ASA, Mølnlycke AB and Jordan AS, CEO at Coloplast Norge as, CEO at HÅG ASA.

No. of shares: 2 300 (Røiri Invest AS).



Sveinung Utgård (1962)
Board member (employee representative)

Position: Production Manager, Foamed Plastic at J.E. Ekornes AS, Ikornes.

Education: Mechanical studies. Electrical studies. Production/production management studies. Nordvest Forum's 'Changing leadership' course. Management development programme at J.E. Ekornes.

Experience: Employee-elected director of Møre Trafo. Assembly operator at Formfin møbler, operator at Nordex plast, operator and department manager at Møre Trafo, shift leader at J.E. Ekornes, production manager at J.E. Ekornes.

No. of shares: 0



Tone Helen Hanken (1962)
Board member (employee representative)

Position: Sewing machine operator at J.E. Ekornes AS, Vestlandske facility.

Education: Upper secondary school (social science major). Various courses from different educational institutions.

Experience: Velledalen fabrikk (1981-85), Hjellegjerde Møbler (1985-97), J.E. Ekornes, Vestlandske (1997-the present). Several years as elected employee representative and as employee representative on factory boards. 16 years as chair person of Sykkylven Industri Energi, branch 0789 (trade union). Board member of the National Executive Committee of Industri Energi and member of the pay negotiating committee.

No. of shares: 1 084



Atle Berntzen (1967)
Board Member (employee representative)

Position: Acting warehouse foreman

Education: Upper Secondary School (commercial studies).

Experience: Has previously worked as a salesperson and warehouse operative at General Motors AS. Has worked in the warehouse at Ekornes Beds AS since 1991.

No. of shares: 0

REPORT OF THE BOARD OF DIRECTORS 2015

The business

The Ekornes Group develops, manufactures, markets and sells furniture and mattresses. Sales are essentially aimed at the market for home furnishings, although sales are also made within the contract market. Ekornes owns and markets the Stressless®, Svane®, Ekornes® Collection and IMG brands.

The Group's head office is located in Ikkornes, in the municipality of Sykkylven. Five production companies are responsible for manufacturing operations, which take place at ten plants. In Norway the Group has plants located in Sykkylven (3), Hareid, Hornindal and Fetsund. In addition, the Group has a sofa manufacturing plant in Morganton, North Carolina, USA. IMG has three manufacturing plants, in Thailand (1) and Vietnam (2). The Group also has sales companies in Norway, Denmark, Finland, Germany, UK, France, Spain, USA, Brazil (being wound up), Japan, Singapore, New Zealand and Australia.

Going concern

In accordance with section 3-3 of the Norwegian Accounting Act, it is hereby confirmed that there are grounds for presuming that the company is a going concern.

Parent company and consolidated financial statements

In the opinion of the board, the financial statements for Ekornes ASA show a fair picture of the company's results for the year 2015 and the financial position of the parent company and the Group as a whole as at 31 December 2015.

Ekornes ASA

Ekornes ASA is the parent company of the Ekornes Group. Ekornes ASA generated gross operating revenues of NOK 400.6 million in 2015, and made a profit after dividend and group contributions received, and after tax, of NOK 182.9 million. Sales revenues were affected by structural changes in the Group compared with 2014. The decrease in profit in 2015 is attributable partly to lower group contributions and dividends from subsidiaries.

Profit/cash flow

The Group made an operating profit of NOK 301 million in 2015, while gross operating revenues totalled NOK 3,171.8 million. Net profit for the year came to NOK 184.1 million, an increase of NOK 24.1 million compared with 2014. Net cash flow was positive in the amount of NOK 92.6 million. Earnings per share came to NOK 5.00, up from NOK 4.35 in 2014.

Investments/balance sheet

Net investments by the Group totalled NOK 117.8 million in 2015. This is slightly less than the year before. At the start of 2015 IMG USA Inc was acquired for the sum of NOK 24.8 million.

Equity

As at 31 December 2015 the Group's total capital stood at NOK 2,560.2 million, compared with NOK 2,384.7 million the year before. As at 31 December 2015 the Group's equity ratio stood at 52.3 per cent. The reduction in Equity compared with 2014 is due to the payment of a dividend amounting to NOK 147.3 million, as well as a decrease in the value of forward currency contracts (NOK 136.5 million in unrealised losses before tax in 2015).

Cash & cash equivalents

At the close of 2015 the Group had cash and cash equivalents totalling NOK 229.6 million in the form of bank deposits. It also had unused drawing rights amounting to NOK 506.3 million. At the close of 2015 NOK 308.6 million had been drawn down on the Group's credit facilities, compared with NOK 333 million in 2014. The use of credit facilities is associated particularly with the acquisition of IMG in 2014. The board considers the company's liquidity situation to be satisfactory.

Dividend

The board is proposing a dividend of NOK 4.00 per share, or NOK 147,307,012 in total.

Markets

To the satisfaction of the board, both the Svane® segment and IMG improved their performance in 2015 compared with 2014. The Stressless® segment, the Ekornes Group's largest business area, did not perform satisfactorily in 2015. The increase in the distribution network, which got underway towards the close of the year, is not expected to have any impact before 2016. See the chapters on the various segments in the annual report for details of each individual market.

Output

Capacity utilisation at the company's production facilities was satisfactory in 2015. However, the Stressless® segment experienced manufacturing challenges at several times during the year. This had a negative impact on overall output, and the number of seat units produced per day in the Stressless® segment was lower than in 2015.

Organisation/personnel

The Group had 2,324 employees as at 31 December 2015 (corresponding to 2,279 full-time equivalents). Of its total workforce, 1,018 people were employed outside Norway. At the close of 2014 the Group had 2,388 employees. At the close of 2015, Ekornes ASA had 73 employees, compared with 67 at the close of 2014.

Corporate Governance; Risk Management; Environmental and Social Responsibility; Health, Safety and the Environment (HSE); Equality.

The board has decided not to include a statement on corporate governance, risk management and HSE in the report from the board of directors. The board refers to the information provided on these issues elsewhere in the annual report, and confirms that it endorses the contents of the said report with respect to corporate governance (pages 24-27) risk management (page 30-31), environmental and social responsibility (pages 33-36) and HSE (page 37-38). The board also refers to the chapter on product development in the general part of the annual report concerning the Group's research and development activities. The statements must be seen as the statements and opinions of the board with respect to these matters.

Although women account for 46 per cent of the workforce, the vast majority of those at management level are men (see also the table on page 32). Efforts to promote gender equality will be on the board's agenda in 2016.

Ekornes places great emphasis on meeting the objective of the Anti-Discrimination Act and the Anti-Discrimination and Accessibility Act. Through physical access and the formation of work tasks, working hours and workplaces, the company has made arrangements to enable people with disabilities to enjoy equal treatment and provide individual adaptation. The chapter "Strategy for organisation and staff development" in Ekornes's "Objectives and Values" states that 'Ekornes shall be an inclusive and diversified workplace where everyone is given opportunities for development, regardless of their background.' In 2009, Ekornes endorsed the UN Global Compact. This is included as part of Ekornes's "Objectives and Values", available from www.ekornes.no. An updated version of the Group's Code of Conduct and anti-corruption policy were formally adopted by the board in December 2014. The Code of Conduct is reproduced in its entirety in the general portion of the annual report.

Outlook

Several of the markets in which Stressless® and IMG products are sold showed improvement in 2015. Stressless® did not achieve the same rate of growth, partly because of intensified competition within the brand's overall market segment. Moving forward, the situation with regard to demand is expected to remain challenging as a result of both macroeconomic uncertainty, increased competition and fluctuations in exchange rates. Ekornes has implemented numerous measures to adapt to the situation in the various markets. The board expects IMG to continue performing well.

At the close of 2015 the company had an order reserve of NOK 277 million, compared with NOK 285 million at the same point a year before.

At the close of 2015 Ekornes's Stressless® segment had a total production capacity of 1,750 seat units per day, depending on the product mix. The Group will adjust its production capacity to match demand throughout 2016. IMG increased its output in 2015, and the factories in Asia have the capacity to increase output further in 2016.

Related parties

No material transactions have been undertaken with related parties during the period.

Year-end result and allocations

Ekornes ASA made a profit for the year of NOK 182.9 million, which it is proposing be distributed as follows: NOK 147.3 million to be paid as a dividend, and NOK 35.6 million to be transferred to other equity. The company's equity and liquidity are deemed to be satisfactory.

Ikornnes, 31 December 2015/11 April 2016

The Board of Directors of Ekornes ASA

Kjersti Kleven
Chair

Jarle Roth
Vice-Chair

Nora Förisdal Larssen

Stian Ekornes

Lars I. Røiri

Sveinung Utgård

Tone Helen Hanken

Atle Berntzen

Olav Holst-Dyrnes
CEO



Ekornes Group
Consolidated
financial statements

INCOME STATEMENT 2015

(Figures in NOK 1 000)	Notes	2015	2014
Operating revenues and expenses			
Sales revenues	20	3 169 369	2 687 297
Other revenues		2 471	1 983
Total operating revenues	1	3 171 840	2 689 280
Materials		852 676	685 372
Salaries and national insurance contributions	2, 16, 17	892 544	798 423
Depreciation	8	146 729	132 575
Other operating expenses	8, 17	978 638	806 892
Total operating expenses		2 870 587	2 423 263
OPERATING PROFIT		301 253	266 017
Financial income and expenses			
Financial income	15	6 334	2 612
Net gains/losses on foreign exchange (Balance sheet adjustments)	3	-14 655	-14 215
Financial expenses	3	-14 696	-5 947
Net financial items		-23 017	-17 549
Ordinary profit before tax		278 236	248 468
Tax on ordinary profit	4	-94 094	-88 401
PROFIT FOR THE YEAR		184 142	160 067
Basic earnings per share	13	5,00	4,35
Diluted earnings per share	13	5,00	4,35

STATEMENT OF COMPREHENSIVE INCOME

(Figures in NOK 1 000)	Note	2015	2014
Profit for the year		184 142	160 067
Other comprehensive income			
<i>Items not reclassified to profit and loss</i>			
Actuarial gains/losses on defined benefits plans		0	-797
Change in deferred tax - pension		0	215
<i>Items which may be reclassified to profit and loss</i>			
Change in value of cash flow hedging		-136 458	-278 255
Change in deferred tax on cash flow hedging		28 875	75 129
Translation differences - net financing subsidiaries		24 647	24 590
Change in deferred tax - net financing subsidiaries		-5 543	-6 639
Translation differences		30 699	21 583
Total other comprehensive income	12	-57 780	-164 174
TOTAL COMPREHENSIVE INCOME		126 362	-4 107

BALANCE SHEET 31.12.2015

(Figures in NOK 1 000)	Notes	2015	2014
ASSETS			
Non-current assets			
Buildings, sites etc.	8	587 181	604 372
Machinery and equipment	8	261 547	272 119
Operating movables, fixtures	8	35 099	29 250
Total property, plant & equipment		883 827	905 741
Software and licenses	8	45 930	65 501
Goodwill	8	208 012	204 572
Customer relations	8	29 843	21 541
Deferred tax assets	4, 6	111 182	65 286
Total non-current intangible assets		394 967	356 900
Other long-term receivables and investments	7	20 813	22 373
Total non-current financial assets		20 813	22 373
Total non-current assets		1 299 607	1 285 013
Current assets			
Inventory	9	494 896	482 779
Trade receivables	10	458 168	398 190
Other short-term receivables		78 015	81 784
Cash and bank deposits	11	229 556	136 957
Total current assets		1 260 634	1 099 710
TOTAL ASSETS		2 560 240	2 384 723

BALANCE SHEET 31.12.2015 (CONTINUED)

(Figures in NOK 1 000)	Notes	2015	2014
EQUITY AND LIABILITIES			
Equity			
Contributed equity			
Share capital	12, 18	36 827	36 827
Premium paid	12	386 321	386 321
Other equity deposits	12	1 983	1 983
Total contributed equity		425 131	425 131
Retained earnings			
Hedging reserve	12	-298 817	-191 234
Translation difference	12	113 569	63 766
Other equity	12	1 099 290	1 062 456
Total retained earnings		914 042	934 988
Total equity		1 339 172	1 360 119
Non-current liabilities			
Long-term pension liabilities	16	8 501	7 803
Long-term liabilities including contingent consideration IMG	8	85 370	11 500
Deferred tax	4, 6	168	232
Total non-current liabilities		94 038	19 535
Current liabilities			
Trade payables		143 289	128 907
Public charges payable		38 321	32 801
Tax payable	5	63 888	43 177
Value of forward contracts	15	398 423	261 964
Short-term debt to credit institutions	14, 15	308 661	333 147
Other current liabilities	16	174 448	205 073
Total current liabilities		1 127 029	1 005 070
TOTAL EQUITY AND LIABILITIES		2 560 240	2 384 723
Mortgages	14	308 661	255 231

Ikornnes, 31 December 2015/11 April 2016

The Board of Directors of Ekornes ASA

Kjersti Kleven
ChairJarle Roth
Vice-Chair

Nora Förisdal Larssen

Stian Ekornes

Lars I. Røiri

Sveinung Utgård

Tone Helen Hanken

Atle Berntzen

Olav Holst-Dyrnes
CEO

CASH FLOW STATEMENT

(Figures in NOK 1 000)	2015	2014
Cash flow from operating activities		
Profit before tax	278 236	248 468
Tax paid	-101 439	-118 374
Profit/loss on sale of non-current assets	202	-198
Depreciation	146 729	132 575
Changes in inventory	-3 399	-73 437
Changes in trade receivables	-51 528	-26 712
Changes in trade payables	5 907	-21 222
Diff. between pension cost and amount paid into/out of pension scheme	698	-3 036
Effect of currency exchange	51 318	38 735
Changes in other current balance sheet items	55 463	35 862
Net cash flow from operating activities	382 187	212 661
Cash flow from investing activities		
Proceeds from sale of property, plant & equipment	1 788	1 173
Net paid for acquisition of IMG	-24 764	-374 829
Investments in property, plant & equipment	-96 519	-116 548
Other investments	1 700	-3 602
Net cash flow from investing activities	-117 795	-493 806
Cash flow from financing activities		
Increase in short-term debt to financial institutions	-24 486	292 247
Dividend payout	-147 307	-202 547
Net cash flow from financing activities	-171 793	89 700
Net change in cash and cash equivalents	92 599	-191 445
Cash and cash equivalents at the beginning of period	136 957	328 403
Cash and cash equivalents at the end of period	229 556	136 957

RECONCILIATION OF MOVEMENTS IN CAPITAL AND RESERVES

Reconciliation of movements in capital and reserves (see also note 12)

(Figures in NOK 1 000)	Share capital	Premium paid	Other eqt deposits	Hedging reserve	Translation difference	Other equity	Total
Equity 01.01.2014	36 827	386 321	1 983	11 892	24 232	1 105 517	1 566 771
Profit for the year						160 067	160 067
Other comprehensive income				-203 126	39 534	-582	-164 174
Dividend paid out						-202 547	-202 547
Equity 31.12.2014	36 827	386 321	1 983	-191 234	63 766	1 062 456	1 360 119
Equity 01.01.2015	36 827	386 321	1 983	-191 234	63 766	1 062 456	1 360 119
Profit for the year						184 142	184 142
Other comprehensive income				-107 583	49 803		-57 780
Dividend paid out						-147 307	-147 307
Equity 31.12.2015	36 827	386 321	1 983	-298 817	113 569	1 099 290	1 339 172

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

SIGNIFICANT ACCOUNTING POLICIES

Ekornes ASA (the "Company") is domiciled in Norway. The Company's consolidated financial statements for the year ending 31 December 2015 comprise the Company and its subsidiaries (together referred to as the "Group").

The financial statements were authorised for issue by the directors and CEO as seen from the signed and dated balance sheet. The consolidated financial statement will be considered by the Annual General Meeting on 3 May 2015 for final adoption. The board of directors is authorised to amend the consolidated financial statements up until their final adoption.

(A) STATEMENT OF COMPLIANCE

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and associated interpretations as adopted by the EU for application as of 31 December 2015, plus further requirements for disclosure pursuant to the Norwegian Accounting Act as of 31 December 2015.

(B) BASIS OF PREPARATION

The financial statements are presented in Norwegian kroner (NOK), which is the functional currency of the holding company. All amounts are rounded to the nearest thousand. The consolidated financial statements are prepared on the historical cost basis, with the exception of the following assets and liabilities, which are stated at fair value (see Note 8):

- Financial derivatives

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, and form the basis for the book value of such assets and liabilities whose value is not readily apparent from other sources. Actual figures may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period. If the revision also affects future periods, the effect of the revision is distributed over the current and future periods.

Ekornes makes use of no material subjective estimates that affect the financial statements. Inventory and trade receivables include certain estimates, but are underpinned by sound historic data and actual figures, and are therefore not deemed to have an impact on the financial statements.

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, see the next paragraph. The accounting policies have been applied consistently by all Group entities.

The Company has made a particular assessment of the use of cash-flow hedging in relation to the standard's requirement for documentation and the testing of efficiency. Based on the documentation that has been prepared and the testing performed, it has been determined that cash-flow hedging may be applied.

Furthermore, in connection with the acquisition of IMG, an assessment has been made of whether the contingent consideration (earn-out) should be treated as part of the purchase price or as consideration for future services. Since the seller loses the entitlement to the supplementary consideration if services are not provided in accordance with a separate consultancy agreement during the period up until the end of 2016, the supplementary consideration will be recognised in profit and loss over the period from the date of acquisition until the close of 2016.

(C) BASIS OF CONSOLIDATION

(i) Acquisitions

The purchase of subsidiaries is recognised in accordance with the acquisition method at the date on which the Company obtains control. Both payment and assets acquired are measured at fair value. Any excess value attributable to goodwill is tested annually for impairment. Transaction costs are recognised as expenses in the consolidated financial statements.

Any contingent consideration is valued at fair value at the date of acquisition, to the extent that it is a consideration which, under IFRS, may be treated as part of the consideration. Contingent consideration which, under IFRS, is deemed to be payment of future services is charged to expenses over the period in which the supplementary consideration may be earned.

(ii) Subsidiaries

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights which may be exercised or converted are taken into account. Subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The Group has no associates or jointly controlled enterprises. Nor are there any companies within the Group that have non-controlling interests. Implementation of IFRS 10 has not resulted in any change in the companies being consolidated.

(iii) Transactions eliminated on consolidation

Intra-group balances and any unrealised gains and losses or income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(D) FOREIGN CURRENCY*(i) Foreign currency transactions*

Transactions in foreign currencies are translated at the foreign exchange rate in effect at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to NOK at the exchange rate in effect at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate in effect on the transaction date.

Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated into NOK at the exchange rates in effect at the dates the fair value was determined.

(ii) Financial statements of foreign operations

The assets and liabilities of foreign operations are translated into NOK at the exchange rates in effect on the balance sheet date. The revenues and expenses of foreign operations are translated into NOK at quarterly average exchange rates.

(iii) Net investment in foreign operations

Foreign currency differences arising from the translation of the net investment in foreign operations are recognised in other comprehensive income.

Foreign exchange gains and losses arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form part of the net investment in the foreign operation, and are recognised in other comprehensive income and presented as translation differences in equity.

In respect of all foreign operations, any differences that have arisen after 1 January 2004, the date of transition to IFRS, are entered as a separate item under equity (Foreign Currency Transaction Reserve).

(E) DERIVATIVE FINANCIAL INSTRUMENTS

The Group uses derivative financial instruments to hedge its exposure to foreign exchange and interest rate risks arising from operational, financing and investment activities. In accordance with its treasury policy, the Group does not hold or issue derivative financial instruments for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

In principle, derivatives are recognised at their fair value on acquisition. Gains or losses deriving from reassessment of fair value are recognised in profit and loss immediately. When derivatives qualify for hedge accounting, the way gains and losses are recognised depends on the type of item being hedged, see principle (f) below.

(F) HEDGING*(i) Cash-flow hedging*

Hedge accounting means that unrealised changes in the value of a derivative earmarked as a cash-flow hedging instrument is recognised in 'Other income and expenses', and expenses presented as a hedging reserve in equity. The amount recognised on 'Other income and expenses' are transferred to profit and loss in the same period in which the hedged object affects profit and loss. In connection with transfer to profit and loss, the same line is used in the presentation of comprehensive income for the hedged object and the hedging instrument. Any inefficiency in the hedging relationship is recognised directly in profit and loss.

When the hedging instrument no longer fulfils the criteria for hedge accounting, expires, is sold, concluded or exercised, or when earmarking is withdrawn, hedge accounting is discontinued. Accumulated gains or losses are recognised in 'Other income and expenses', and are presented in the hedging reserve, where they are kept until the expected transaction affects profit and loss. The assessment and testing performed indicates that the object and instrument fall due at approximately the same time, such that

hedging is effective. If the hedged object is a capitalised non-financial asset, the amount recognised in 'Other income and expenses' is transferred to the book value of the asset when this is recognised. In connection with the hedging of expected transactions, where the transaction is no longer expected to occur, the amount recognised in 'Other income and expenses' is recognised in profit and loss. In other cases the amount recognised in 'Other income and expenses' is transferred to profit and loss in the same period in which the hedged object affects profit and loss.

(G) PROPERTY, PLANT AND EQUIPMENT

(i) Own assets

Items of property, plant and equipment are stated at acquisition cost less accumulated depreciation (see below) and impairment losses (see accounting policy I). The cost of self-constructed assets includes the cost of materials, direct labour and an appropriate proportion of production overheads.

Certain items of property, plant and equipment that had been re-valued to fair value on or prior to 1 January 2004, the date of transition to IFRS, are measured on the basis of deemed cost, this being the revalued amount at the date of that revaluation. No re-valuation was performed at the transition to IFRS.

When material parts of a non-current tangible asset have different useful lives, they are deemed to be separate components for accounting purposes.

(ii) Leased assets

Ekornes has entered into rental agreements for storage, display and production premises in connection with its operations in the USA and Japan. These are all classified as operational leasing agreements.

(iii) Subsequent costs

The Group recognises in the acquisition cost of an item of property, plant or equipment the cost of replacing part of any such item, when the expenditure is expected to bring future economic benefits to the Group, and the cost of the replaced parts can be measured reliably. The carrying amount of the replaced part is deducted. All other expenses are recognised in the income statement as they accrue.

(iv) Depreciation

Depreciation is charged to the income statement on a straight-line basis over the estimated useful life of each operating asset. Land is not depreciated. The estimated useful lives are as follows:

- Buildings 25 – 50 years
- Machines and equipment 5 – 12 years
- Operating movables, fixtures 2 – 10 years
- Capitalised licence costs 8 years
- Software 3 years

Depreciation methods, useful lives and residual values are reviewed annually.

(H) INTANGIBLE ASSETS

(i) R&D

Development costs are capitalised to the extent that identifiable independent assets are developed that will generate future revenues.

Costs relating to ongoing improvement and further development of existing products are charged to expenses in profit and loss in the period in which they arise.

(ii) Capitalised licences and software

Software, including implementation costs, is capitalised as an intangible asset.

(iii) Goodwill

Goodwill arising from the acquisition of subsidiaries is valued at acquisition cost less accumulated write-downs due to impairment.

(iv) Other intangible assets

The value of customer relations arising from the acquisition of subsidiaries is valued at acquisition cost less accumulated depreciation, which are allocated in a straight line over the relationship's expected lifespan.

Costs relating to the in-house development and maintenance of brand names and other intangible assets are charged to expenses in profit and loss in the period in which they arise. Any purchases of such assets are capitalised.

(I) TRADE AND OTHER RECEIVABLES

Trade and other receivables are stated at cost less an allowance for bad debts.

(J) INVENTORY

Inventory is stated at the lower of cost and net realisable value. Net realisable value is the estimated ordinary sales price, less estimated completion and sales costs.

Acquisition cost is based on the first-in/first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of manufactured goods and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

In connection with the sale of goods, acquisition cost is, in accordance with the above-mentioned principles, recognised as the cost of goods sold.

(K) CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash balances and bank deposits (see Note 11).

(L) IMPAIRMENT

An impairment is recognised whenever the fair value of an asset or cash-generating entity exceeds its recoverable amount. Impairment write-downs are recognised in profit and loss. Recoverable amount is defined as the higher of the asset or cash-generating entity's fair value less sales costs, and its value in use. No indications have been found of any impairments requiring write-downs in 2015.

(M) SHARE CAPITAL*(i) Preference share capital*

The Company has issued no preference shares.

(ii) Buy-back of own (treasury) shares

If the Company buys back its own shares, the amount of the consideration paid, including directly attributable costs, is recognised as a change in equity. Treasury shares are presented as a reduction in total equity.

(iii) Dividends

Dividends are recognised as a liability in the period in which they are declared. Proposed dividend is part of equity until it has been approved by the Annual General Meeting.

(N) INTEREST-BEARING LOANS AND CREDIT

Interest-bearing loans and credit are valued at amortised cost.

(O) EMPLOYEE BENEFITS*(i) Defined-contribution plans*

Liabilities in respect of contributions to defined-contribution pension plans are recognised as an expense in profit and loss as they accrue.

(ii) Defined-benefit pension plans

Net liabilities in respect of defined-benefit pension plans are calculated separately for each plan. This is achieved by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods. These future benefits are discounted to determine their present value, and the fair value of any plan assets is deducted to arrive at a net liability. As at 31 December 2015, the discount rate for Norwegian schemes is based on the interest on Norwegian covered bonds (OMF). The calculation is performed by a qualified actuary using the projected unit credit method. As at 31 December 2015, none of the Norwegian companies have any pension liabilities.

When the benefits of a plan are improved, the portion of the increased benefit relating to past accruals is recognised as an expense in profit and loss on a straight line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in profit and loss.

Actuarial gains and losses are recognised directly in equity when they arise.

(iii) Bonus payments

Employee bonuses: All group employees are entitled to a bonus based on the segments' profitability. The bonus is calculated as a percentage of each employee's monthly salary. Bonuses earned are paid in cash, and are considered to be a purely cash bonus. The fair value of accrued bonuses is recognised as an expense in profit and loss, and as a liability in the balance sheet. The bonus scheme does not apply to employees of IMG.

(P) PROVISIONS

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation.

(i) Warranties

Costs associated with warranty liabilities are recognised at the time the claim is submitted. Costs related to long-term warranty commitments are considered insignificant.

(ii) Restructuring

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan, and the restructuring has either commenced or notification thereof has been given to those concerned.

(iii) Site restoration

In accordance with the Group's environmental report (which is included in the Company's annual report) and applicable legal requirements, a provision for site restoration in respect of contaminated land is recognised to the extent that the land is contaminated and remediation has been ordered. As of today, there are no such requirements.

(Q) TRADE PAYABLES AND OTHER SHORT-TERM LIABILITIES

Trade payables and other liabilities are initially recognised at fair value. After initial recognition, the liability is valued at amortised cost.

(R) REVENUE

(i) Goods sold

Ekornes largely manufactures its Stressless® and sofa products to order, while its mattress products are largely manufactured in bulk. The Group has separate sales companies in the most important markets, which are responsible for the sale of products, while manufacturing takes place at factories which supply the sales companies. The goods produced are sent directly from the factory to the customer, with the exception of the USA, Japan and Australia, where the goods are sent to a dedicated warehouse. IMG's products are sent from factories in Vietnam and Thailand directly to customers or to warehouses belonging to IMG's sales companies in Norway, Australia and New Zealand. The goods sent from the factories to the company's own warehouses abroad are treated as goods in transit. IMG has both order-driven and mass production.

Revenues from the sale of goods are recognised when delivery has occurred, and the bulk of the associated risk and control has been transferred to the customer. A variety of delivery terms are employed, and the date on which revenues are recognised will depend on the actual delivery terms. Agreements contain no stipulations that have required Ekornes to defer all or part of the revenue concerned after the goods are deemed to have been delivered in accordance with the delivery terms. Where Ekornes assumes the risk with respect to the goods up to acceptance by the customer, the goods are insured in transit. Sales revenues are presented net of VAT and discounts.

(ii) Government grants

Grants that compensate the Group for the acquisition cost of an asset are recognised as a reduction in the asset's acquisition value. Grants that compensate for expenses incurred are recognised as operating revenues over the same period as the expenses they are intended to cover.

(S) EXPENSES

(i) Operating lease payments

Payments made under operating leases are recognised in profit and loss in a straight line over the term of the lease.

(ii) Net financial items

Net financial items comprise interest payable on borrowings calculated using the effective interest rate method, interest receivable on funds invested, dividend income, foreign exchange gains and losses, and gains and losses on hedging instruments that are recognised in the income statement (see accounting policies f and r (i)).

Interest income is recognised in profit and loss as it accrues, using the effective interest method.

(T) TAX

Tax on the profit and loss for the year comprises payable and deferred tax. Tax is recognised in profit and loss, except to the extent that it relates to items recognised directly in equity or in other comprehensive income. Tax payable is the expected tax payable on the taxable income for the year, using tax rates in effect on the balance sheet date, and any adjustment of tax payable in respect of previous years.

Deferred tax is calculated on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not taken into account:

The initial recognition of assets or liabilities that affect neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. Deferred tax and deferred tax assets are measured on the basis of the anticipated future tax rates of those group companies where temporary differences have arisen. Deferred tax and deferred tax assets are recognised at nominal value.

Deferred tax assets are capitalised only to the extent that it is probable the asset could be applied to some future taxable income. Deferred tax assets are reduced when it is no longer probable that the tax asset will be utilised.

(U) SEGMENT REPORTING

In accordance with IFRS, an operating segment is defined as a part of the Group that is engaged in business operations capable of generating revenues and expenses, including revenues and expenses derived from transactions with other segments within the Group, and the operating results of which are reviewed on a regular basis by the Company's most senior decision-makers with a view to deciding which resources are to be assigned to the segment and assessing its earnings.

Ekornes operates within the segments/product areas:

- Stressless®, which includes the product areas Stressless® (reclining chairs and sofas) and Ekornes® Collection (fixed-back sofas), tables, etc.
- Svane®, which covers mattresses (sprung mattresses, foamed plastic and IntelliGel®).
- IMG, which covers furniture produced by IMG.
- Contract, which covers sales to the contract market.

Division into segments is based on the management and internal reporting structure.

Note 1 includes a quantified overview of the segments which matches the way segments are reported internally at Ekornes.

(V) ACCOUNTING STANDARDS AND INTERPRETATIONS ISSUED, BUT NOT YET ADOPTED

Certain standards, amendments and interpretations have not come into effect for the year ending 31 December 2015 and have not been applied by Ekornes for the 2015 financial year. Relevant new standards are:

IFRS 9 Financial instruments

This standard has been adopted by IASB, and is effective for financial statements starting on 1 January 2018, but which may be applied in advance of this. However, it has not been approved by the EU. The Company is considering what impact implementation of this standard will have on the consolidated accounts.

IFRS 15 Revenues from contracts with customers

This standard has been adopted by IASB, and is effective for financial statements starting on 1 January 2018, but may be applied in advance of this. However, it has not been approved by the EU. The Company is considering what impact implementation of this standard will have on the consolidated accounts.

Other amendments of existing standards have been proposed, but are not deemed to have any significant impact on the Group.

NOTE 1 Business areas - segments - markets

PRODUCT AREAS/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's business is divided into the segments/product areas:

- Stressless®, which includes the product areas Stressless® (reclining armchairs and sofas) and Ekornes® Collection (fixed-back sofa), tables, etc.
- Svane®, which covers mattresses (sprung mattresses foamed plastic and IntelliGel®),
- IMG, which covers furniture produced by IMG
- Contract, which covers sales to the contract market

Operating revenues by product area (Figures in 1 000 NOK)	2015	2014
Stressless®	2 447 349	2 326 480
IMG*	431 540	68 400
Svane®	239 453	224 300
Contract	53 498	70 100
Total	3 171 840	2 689 280
EBIT per product area (Figures in 1 000 NOK)		
Stressless®	249 048	279 018
IMG*	113 666	19 600
Svane®	-287	-13 300
Contract	8 026	3 300
Operating revenues by market (Figures in 1 000 NOK)		
Norway	524 059	435 200
Other Nordic	210 963	164 900
Central Europe	697 146	644 414
Southern Europe	336 333	327 409
United Kingdom/Ireland	227 494	194 538
USA/Canada/Mexico	833 890	614 895
Japan	129 068	124 237
Other Markets	306 168	175 163
Total	3 265 121	2 680 756
Gain/loss on forward contracts	-93 281	8 524
Total	3 171 840	2 689 280

Ekornes took over IMG with effect from 1 November 2014. The calculation of EBIT per product area for the IMG segment does not include the NOK 69.3 million which is recognised in expenses in respect of the earn out arrangement (2014: NOK 11.3 million).

NOTE 2 Personnel expenses

(Figures in NOK 1 000)	2015	2014
Salaries	738 843	650 189
National insurance contributions	96 328	98 574
Contributions to defined contribution plans	26 228	32 424
Expenses relating to defined benefit plans	1 130	373
Other personnel costs	30 014	16 862
Total personnel expenses	892 544	798 423
Average number of man-years employed	2 307	1 634

NOTE 3 Net financial items

(Figures in NOK 1 000)	2015	2014
Financial income and expenses		
Other interest income	5 469	2 594
Other financial income	865	19
Total financial income	6 334	2 612
Gain/loss on currency exchange (Balance sheet adjustments)	-14 655	-14 215
Other interest expenses	10 109	5 066
Other financial expenses	4 588	881
Total financial income	14 696	5 947
Net financial items	-23 017	-17 549

All borrowing costs are recognised in expenses as they accrue.

NOTE 4 Tax expense

Tax recognised in the income statement (Figures in NOK 1 000)	2015	2014
Tax payable for the year	119 453	83 096
Adjustment for previous years	669	1 983
Total tax payable	120 122	85 079
Deferred tax		
Origination and reversal of temporary differences	-26 028	3 329
Total tax expense in income statement	94 094	88 408

NOTE 4 Tax expense (continued)

Reconciliation of effective tax rate (Figures in NOK 1 000)	2015	2015	2014	2014
Profit before tax		278 236		248 468
Tax calculated at the applicable tax rate	27.00 %	75 124	27.0 %	67 086
Effect of tax rate in foreign jurisdictions	4.98 %	13 860	4.3 %	10 725
Non-deductible expenses	1.56 %	4 354	0.4 %	1 065
Tax deductions for items not recognised in expenses in the consolidated financial statements	-2.13 %	-5 937		
Effect of other tax rates on specific revenues	2.17 %	6 044	1.7 %	4 138
Tax-exempt revenues	-0.44 %	-1 235	-0.7 %	-1 807
Recognition of previous unrecognised tax losses	-0.44 %	-1 222	-0.2 %	-546
Current year's losses for which no deferred tax assets were recognised	0.00 %	0	0.7 %	1 797
Change in unrecognised temporary differences	0.00 %	0	0.2 %	450
Profit and loss items with no effect on tax	0.00 %		1.4 %	3 517
Under/over-provided in prior years	0.24 %	669	0.8 %	1 983
Effect of changes in tax rates	0.88 %	2 438		
Total	33.82 %	94 094	35.6 %	88 408

Deferred tax recognised in other comprehensive income (Figures in NOK 1 000)	2015	2014
Tax capitalised forward contracts	28 876	75 129
Tax translation differences net funding subsidiaries	-5 543	-6 639
Tax actuarial gain/loss pension	0	215
Total	23 333	68 705

NOTE 5 Tax payable

(Figures in NOK 1 000)	2015	2014
Tax payable for the year	119 453	83 090
Tax paid current year	-55 565	-42 369
Too much/little paid in previous years	0	2 456
Tax payable balance sheet	63 888	43 177

NOTE 6 Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities (Figures in NOK 1 000)	2015			2014		
	Assets	Liabilities	Netto	Assets	Liabilities	Netto
Goodwill	4125	0	4 125	0	-7700	-7700
Property plant and equipment	901	0	901	0	-3 957	-3957
Inventories	10 139	0	10 139	7 694	0	7694
Receivables	0	-9 555	-9 555	-3 316	0	-3316
Pensions	0	0	0	229	0	229
Forward contracts	99 606	0	99 606	70 730	0	70730
Provisions	0	0	0	0	0	0
Other items	5 783	0	5 783	643	0	643
Tax losses carried forward	15	0	15	731	0	731
Deferred tax (gross)	120 569	-9 555	111 014	76 711	-11 657	65 054
Tax offsets	-9 387	9 387		-11 425	11 425	0
Net deferred tax assets	111 182	-168	111 014	65 286	-232	65 054

Unrecognised deferred tax asset:

The unrecognised tax assets totals NOK 3,600,000 (2014: NOK 4,833,000)

Recognition of deferred tax (Figures in NOK 1 000)	2015	2014
Change in deferred tax (income)	45 960	65 941
Deferred tax from acquisitions	3 439	
Year's change excl. impact of acquisitions	49 399	65 941
Recognised in profit and loss	26 028	-3 329
Recognised in other income and expenses	23 333	68 705
Effect of changes in exchange rates	38	565
	49 399	65 941

NOTE 7 other investments

Shares and other long term receivables (Figures in NOK 1 000)	Shareholding	Acquisition cost	Book value
Non-current assets			
Sykkylvsbrua AS	37,5 %	8 790	8 141
Other shares		1 562	1 562
Total		10 352	9 703

Sykkylvsbrua AS is not treated as an associate, since the Group neither exercises the influence required under IAS 28 for such treatment, nor enjoys any share of Sykkylvsbrua AS's financial result.

Receivables falling due more than one year hence	2015	2014
Other long-term receivables	11 110	12 670

NOTE 8 Property, plant and equipment

Acquisition cost and depreciation (Figures in NOK 1 000)	Software and licenses	Land and buildings	Machinery and equipment	Operating movables	Total
Acquisition cost and depreciation					
Acquisition value 1.1.2014	182 348	1 060 979	794 655	112 250	2 150 232
Transfer between groups	19 480	0	0	-19 480	0
Currency difference 1.1.2014	6	4 116	3 564	2 906	10 592
+ additions this year from acquisition of IMG	1 686	33 277	13 859	1 488	50 310
+ additions	24 244	14 868	72 301	5 134	116 547
- disposals at acquisition value	607	0	11 146	8 351	20 104
Acquisition value 31.12.2014	227 157	1 113 239	873 233	93 947	2 307 576
Accumulated ordinary depreciation at 1.1.2014					
Akk. ordinære avskrivninger 1.1.2014	125 820	473 313	554 406	66 555	1 220 094
Transfer between groups	6 215	0	0	-6 215	
Accumulated ordinary depreciation at 1.1.2014	4	189	410	1 776	2 379
+ the year's ordinary depreciation	30 223	35 258	56 885	9 849	132 215
+/- Currency difference depreciation	0	107	436	231	774
- acc. ordinary depreciation of operating assets sold	607	0	11 024	7 499	19 130
Accumulated ordinary depreciation at 31.12.2014	161 655	508 867	601 113	64 697	1 336 332
Book value 31.12.2014	65 502	604 372	272 119	29 250	971 243
Acquisition value 1.1.2015					
Acquisition value 1.1.2015	227 156	1 113 240	873 233	93 947	2 307 576
Currency difference 1.1.2015	223	4 702	4 022	2 961	11 908
+ additions	0	0	0	512	512
+ additions	13 149	15 645	48 139	16 774	93 708
- disposals at acquisition value	607	0	19 299	8 656	28 562
Acquisition value 31.12.2015	239 921	1 133 587	906 095	105 538	2 385 141
Accumulated ordinary depreciation at 1.1.2015					
Accumulated ordinary depreciation at 1.1.2015	161 654	508 868	601 113	64 698	1 336 332
Currency difference 1.1.2015	12	349	915	1 795	3 071
+ the year's ordinary depreciation	32 932	37 158	60 622	11 582	142 295
+/- Currency difference depreciation	0	30	95	133	258
- acc. ordinary depreciation of operating assets sold	607	0	18 198	7 769	26 573
Accumulated ordinary depreciation at 31.12.2015	193 991	546 406	644 548	70 439	1 455 383
Book value 31.12.2015	45 930	587 181	261 547	35 099	929 757

The Group has received NOK 2 million in government grants for automation projects. The grants have been recognised as a reduction in acquisition cost.

Leased property, plant and machinery

Production facilities, warehouse and exhibition facilities in the USA are all leased. Remaining lease period and annual rent are as follows:

Place	Remaining lease (years)	Yearly rent (in NOK 1 000)
Morganton, NC (USA)	1	1 192,3
Somerset, NJ (USA)	4,5	3 131,4
High Point, NC (USA)	1	645,8
Las Vegas, NV (USA)	3,5	372,1

Sureties

As at 31.12.2014 the Group had secured loans and drawdowns. The parent company has an agreement with respect to drawing rights with its banks (see Note 14). Land, buildings and operating equipment has been pledged as sureties for these drawing rights. The book value of operating assets pledged as security totals NOK 883,8 million.

Intangible assets

These are some of the company's most important intangible assets:

- Registered trademarks (Ekornes®, Stressless®, Ekornes® Collection, Svane®)
- Registered domains
- Patents
- Registered designs
- Distribution network (international)
- Market concept
- Product concepts
- Manufacturing expertise
- International marketing
- International sourcing

None of these assets have been included on the company's balance sheet

Goodwill and customer relations (Figures in NOK 1 000)	Goodwill	Customer relations	Total
Accumulated cost price 1.1.2015	204 572	21 900	226 472
Additions from acquisition of IMG USA Inc.	3 440	12 738	16 178
Accumulated cost price 31.12.2015	208 012	34 638	242 650
Accumulated depreciation 1.1.2015	-	360	360
Year's depreciation		4 435	4 435
Accumulated depreciation 31.12.2015	-	4 795	4 795
Book value 31.12.2015	208 012	29 843	237 855

NOTE 8 Property, plant and equipment (contd.)

Additions of goodwill and customer relations in 2015

In January 2015 IMG Group AS acquired all the shares in IMG Inc. IMG Inc imports IMG's products into the USA. The agreed consideration was USD 3.8 million, assuming that the company was debt-free and had a working capital of at least USD 2 million. On the date of acquisition IMG Inc had recognised equity of approx. NOK 15,793,000. As part of a valuation process, an assessment was made of the value of the company's customer relations.

Breakdown of goodwill from the transaction (figures in NOK 1 000):

Purchase price	28 531
Net value of recognised assets	15 793
Paid in excess of recognised assets	12 738
Identified value of customer relations	12 738
Deferred tax	3 440
Goodwill	3 440

Goodwill relates largely to IMG's existing organisation, the workforce and its competence, as well as expected synergies deriving from the acquisition. Goodwill includes intangible assets which cannot be recognised separately.

Goodwill

Goodwill is not depreciated in the consolidated financial statements, but is tested for impairment. Customer relations are depreciated in the financial statements in a straight line over their expected lifetime, which is deemed to be eight years. The depreciation cost is included in profit and loss under ordinary depreciation.

Test for impairment of goodwill

All goodwill and customer relations relate to the subgroup IMG. IMG comprises a parent company, IMG Group AS (which sells both internally and externally), two manufacturing companies, five sales companies and a company with limited activity. The companies are closely integrated, and the individual companies' results depend on the internal prices applied. As a result, the Group's management is of the opinion that IMG must be seen as one cash-generating entity. All capitalised goodwill is associated with this cash-generating entity. An assessment has been made of its value using discounted cash flow estimates. The estimates are based on management's budget for 2016.

The key cash flow assumptions will be forecasts for sales volume and gross margin. Based on the 2016 budget, we have drawn up two alternative scenarios:

Alt 1 is based on 5 per cent growth for the next five years, no long-term growth after that, and a 25 per cent operating margin. This is a lower margin and smaller rise in sales than was actually achieved in 2014 and 2015.

Alt 2 involves no growth and a 20 per cent operating margin.

The discount rate is 15 per cent. Zero per cent growth in terminal values is assumed. The consideration to be paid to the seller of IMG comprises a cash consideration of NOK 389 million and a contingent consideration (earn-out) of up to NOK 150 million, which falls due for payment in 2017 provided that certain conditions are met. Under IFRS, a provision amounting to 1/26 of the total contingent consideration must be made each month in the period from the takeover of IMG on 1 November 2014 up to and including December 2016, given certain conditions. After 14 months, at the close of 2015, the provision totalled NOK 80.8 million. The provision reduces the Group's operating profit by the corresponding amount. The valuation performed indicates no impairment, even if the contingent consideration were taken into account as part of the purchase price.

Since these calculations were made, nothing has occurred to indicate that they should be reassessed. As a result, the company feels there is no reason to believe a write-down in the book value of goodwill is necessary.

NOTE 9 Inventory as of 31.12.

(Figures in NOK 1 000)	2015	2014
Inventory finished goods	224 176	186 299
Inventory semi-finished	46 581	52 926
Inventory raw materials	224 139	243 553
Total	494 896	482 799

Value of inventories recognised in the balance sheet at net realisable value is insignificant.

NOTE 10 Trade and other receivables

Less NOK 18,629,000 in provisions for bad debts, trade receivables amounted to NOK 458,168,000 in 2015. The corresponding figures for 2014 were NOK 25,629,000 and NOK 398,190,000 respectively.

The spread of trade receivables as at 31.12. was:

(Figures in NOK 1 000)	Gross 2015	Provisions 2015	Gross 2014	Provisions 2014
Not past due	381 458	0	327 247	
Past due 0-30 days	73 369	0	54 716	
Past due 31-60 days	11 254	7 914	18 248	2 022
Past due 61-90 days	1 449	1 449	8 377	8 377
Past due 90-180 days	30	30	3 172	3 172
More than 180 days	9 235	9 235	12 058	12 058
Total	476 796	18 629	423 819	25 629

No individual customer accounts for more than 10 per cent of overall turnover.

NOTE 11 Cash and cash equivalents as at 31.12.

(Figures in NOK 1 000)	2015	2014
Bank	229 556	136 957

Only cash and bank deposits are recognised as cash and cash equivalents in the cash flow statement. TNOK 20 542 (2013: TNOK 20 785) of the Group's bank deposits are restricted with respect to employees' tax deductions.

The parent company has entered into agreements with its primary banking services providers with regard to credit facilities. See Note 14 for further details.

NOTE 12 Egenkapital

Share capital and share premium:

As at 31 December 2015, the authorised share capital comprised 36 826 753 ordinary shares (2014: 36 826 753). All shares have a par value of NOK 1.00.

The holders of ordinary shares are entitled to receive dividends as declared and voted for during the Annual General Meeting, and are entitled to one vote per share at general meetings of the company. All shares rank equally with regard to the company's net assets. In respect of the Company's shares that are held by the Group, all rights are suspended until those shares are reissued (see below).

Hedging reserve:

The hedging reserve is equal to the value of the forward contracts less deferred tax.

Translation differences:

Translation differences comprise all the foreign exchange differences that occur when translating the accounts of non-Norwegian operations, including the translation of receivables deemed to be part of the net investment in foreign businesses.

Dividend:

After the balance sheet date, the board has proposed a dividend of NOK 4.00 per share (2014: NOK 4.00). The total dividend comes to NOK 147,307,012 (2014: NOK 147,307,012). No provision with respect to the proposed dividend has been recognised in the financial statements. The payment of dividend has no impact on corporation tax.

NOTE 13 Earnings per share

Basic earnings per share

The calculation of basic earnings per share at 31 December 2015 was based on the profit attributable to ordinary shareholders of TNOK 184 142 (2014: TNOK 160 067) and a weighted average number of ordinary shares outstanding during the year ended 31 December 2015 of 36 826 753 (2014: 36 826 753), calculated as follows:

(Figures in NOK 1 000)	31.12.2015	31.12.2014
Profit for the period	184 142	160 067
Issued shares 1.1	36 826 753	36 826 753
Effect of own shares held	0	0
Issued shares 31.12	36 826 753	36 826 753
Weighted average number of shares	36 826 753	36 826 753
Basic earnings per share	5,00	4,35
Diluted earnings per share	5,00	4,35

NOTE 14 Interest-bearing loans and credits

The Group regularly assesses its capital structure and risk profile. Over time the Group has had a solid balance sheet, with little debt and a high level of equity. Through strategic investments this may change, following the raising of loans, buyback of treasury shares or the payment of dividends. The acquisition of IMG Group in 2014 represents one such change in line with the Group's strategy of long-term development of its core business. In connection with the acquisition, the Group extended its credit facilities with Nordea, Sparebank Møre and Danske Bank. The Group has drawn on these facilities since the autumn of 2014.

The majority of the Group's Norwegian companies participate in a group account scheme, where the parent company, Ekornes ASA, is the primary account holder. All participants are jointly and severally liable for the amount outstanding in the group account at any given time. At the close of the year, the Group had a cash holding of NOK 229,556,000 in subsidiaries in Norway and abroad which are not a part of the group account scheme.

As at 31 December 2015, the Group had an interest-bearing debt of NOK 308,661,000 (2014: NOK 333,147,000). The Group's credit facilities and amounts drawn thereon were as follows as at 31 December 2015:

(Figures in NOK 1 000)	Credit ceiling	Amount drawn	Available
Sparebank Møre	375 000	-183 565	191 435
Nordea	340 000	-125 096	214 904
Danske Bank	100 000	0	100 000
Total	815 000	-308 661	506 339

Sparebank Møre

Duration of 5 years with annual renewal. Land, buildings and operating assets have been pledged as surety for this credit facility. Sparebank Møre and Nordea are ranked equal with respect to sureties. See Notes 8 and 11 for further details.

Loan conditions:

- 1) The Group's recognised equity ratio shall be at least 30%
- 2) Buildings shall be revalued every third year, with the bank having access to the reports.

Nordea

Duration of 5 years with annual renewal. Land, buildings and operating assets have been pledged as surety for this credit facility. Sparebank Møre and Nordea are ranked equal with respect to sureties. See Notes 8 and 11 for further details.

Loan conditions:

- 1) The credit facility may be used only for general corporate funding.
- 2) No new loans may be raised without written consent.

Danske Bank

No fixed term, with annual assessment of the credit facility. No sureties have been given with respect to amounts drawn.

Loan conditions:

- 1) The Group's recognised equity shall be at least NOK 500,000,000.
- 2) Cross default with respect to Ekornes ASA's other financial obligations.

NOTE 15 Financial risk

Financial risk is largely associated with fluctuations in currency rates and the ability of its customers to pay. The Group's trade receivables are constantly monitored to uncover any irregularities and limit bad debts and the risk of loss. Over time, Ekornes' competitiveness is affected by the movement of the NOK in relation to other currencies. The Group seeks to actively limit this risk.

To strengthen the company's long-term operational planning, Ekornes seeks to hedge its future currency exposure (cash flow), through the use of financial instruments (forward contracts) and purchase of goods and services internationally. The hedging requirement is based on the net exposure at the date on which the hedging instrument was entered into. This is to avoid over-exposure. Any differences are subsequently hedged in increments as the date approaches.

Ekornes' hedging activities are therefore not an attempt to "beat" the market or speculate in what the market rate will be when the forward contract matures. One of the risks of this strategy is that growth may fail to materialise and sales revenues may fall. The Company will then find itself in a situation where it is overexposed with respect to the currencies in question. If the market rate on maturity (redemption) of the forward contract is higher than the hedging rate, the company will make a loss, since the volume of currency needed to fulfil the contract will have to be purchased at a higher price. On the other hand, if growth remains higher than expected, this could result in the company having an open (unhedged) position (not enough contracts) in the currencies in question. As a result of Ekornes' hedging strategy, a sudden and major fall in the value of all currencies against the NOK (an appreciation of the NOK) will not have any major negative consequences for its financial results. If the new, lower level continues over a long period, various strategies will be assessed and, if necessary, implemented. Furthermore, Ekornes operates in many different markets. In that way, the company has spread both its market and foreign exchange risk. The company has a portfolio of markets, and consequently currencies (basket), where a fall in the exchange rate with regard to one currency may, in certain circumstances, be compensated for by a rise in another.

IMG does not use currency hedging.

Ekornes sells its products in the respective countries' local currencies. The company has hedged the bulk of its currency exposure up to 36 months forward in time. Where necessary, new contracts are entered into on a rolling basis.

The following net foreign exchange volume took place in 2015 and 2014 (currency amounts in million):

Currency	2015		2014	
	Volume (in local currency)	Average exchange rate (in NOK)	Volume (in local currency)	Average exchange rate (in NOK)
USD	22,4	6,6348	26,2	6,7499
GBP	15,0	9,9541	20,2	10,6216
EUR	57,4	8,4996	53,8	8,3085
DKK	46,3	1,1535	47,8	1,1073
SEK	19,0	0,9053	16,0	0,9190
JPY	790,0	0,0748	1125,0	0,0647

Compared with the year before, changes in exchange rates between the NOK and the company's main currencies have had a positive effect on the translation of revenue figures to NOK in connection with consolidation. The effect of translating monetary items denominated in foreign currencies (balance sheet items) to NOK at exchange rates in effect on the closing date came to NOK -13.8 million as at 31 December 2015, compared with NOK -17.5 million at the same date in 2014.

NOTE 15 Financial risk (continued)

The change in the value of forward contracts may fluctuate significantly from quarter to quarter, and is strongly affected by movements in the NOK against the currencies in which Ekornes holds forward contracts.

As at 31 December 2015, the fair value of forward currency exchange contracts was NOK -398.4 mill. (31 December 2014: NOK -262 mill.). This is expected to fall due in the following periods: (see the table below.)

Distribution fair value forward contracts (Figures in NOK 1 000)	2015	2014
Share 2015	0	-86 038
Share 2016	-200 993	-74 917
Share 2017	-178 072	-101 009
Share 2018	-19 357	0
Total	-398 422	-261 964

The Group made a loss of NOK 93.3 million on forward currency exchange contracts in relation to the actual exchange rates in effect on the date of exchange (2014: a gain of NOK 8 million). This amount is recognised in the Group's operating profit.

Effect on profit/loss and balance sheet of changes in exchange rates as at 31.12.2015

The table below shows the impact of a 5 per cent weakening and a corresponding strengthening of the NOK against all other relevant currencies as at 31.12.2015. A change as at 31.12.2015 is assumed, such that the average exchange rates in the period are unchanged. In the company's assessment, a change of +/- 5 per cent is within the realm of reasonable possibility for all the currencies concerned.

Effect on profit/loss (Figures in NOK 1 000) 5 % increase in exchange rates (NOK weakened)	EUR	USD	GBP	Other	TOTAL
Effect on ordinary profit/loss					
Translation of balance sheet items (bank, receivables, liabilities)	-2 944	3 923	-2 230	6 331	5 080
of which tax	795	-1 059	602	-1 709	-1 372
Effect on profit/loss after tax	-2 149	2 864	-1 628	4 622	3 708
Effect on other revenues and expenses					
Effect on value of forward contracts	-63 308	-22 938	-21 179	-18 724	-126 149
of which tax	15 827	5 735	5 295	4 681	31 537
Total effect on other revenues and expenses	-47 481	-17 204	-15 884	-14 043	-94 612
EFFECT ON EQUITY					
Change in hedging reserve	-47 481	-17 204	-15 884	-14 043	-94 612
Change in other equity	-2 149	2 864	-1 628	4 622	3 708
Total effect on equity	-49 630	-14 340	-17 512	-9 421	-90 903

In addition to the above, a change in exchange rates (5% weakening of the NOK) would result in a NOK 18 million increase in the book value of the Group's equity as a result of changes in the translation of equity and long-term financing of foreign subsidiaries.

A 5 per cent reduction in all exchange rates (strengthening of NOK) would have the same effect in figures, but with the opposite sign.

Capital management

Ekornes's objective with respect to capital structure is to have sufficient cash and cash equivalents to meet its operating and investment requirements, and pay a dividend. The company has an agreement with its main bank with respect to drawing rights, which had not been utilised as at 31.12 (see Note 11). The company has no long-term borrowings. The company believes it is important to maintain a strong credit rating and good liquidity.

Classification of financial assets and liabilities 2014 (Figures in NOK 1 000)

	Fair value Deposits/borrowings	Amortised cost Receivables and lendings	Amortised cost Other financial liabilities
Cash and cash equivalents	229 556		
Value of forward contracts	-398 423		
Trade receivables and other current receivables		536 183	
Non-current receivables		10 461	
Trade payables and other current liabilities			409 946
Short-term debt to credit institutions			308 661
TOTAL	-168 867	546 644	718 607

The book value of financial assets and liabilities is considered to be practically identical to fair value. Cash and cash equivalents are held in bank deposits.

The value of forward contracts is calculated by the banks, and corresponds to the present value of the contracts on the balance sheet date.

The valuation is based on observable interest and exchange rates.

The forward contracts are valued under level 2 of IFRS 13's hierarchy for fair value assessment.

Credit and market risk

The company sells its products to distributors through its own sales companies, which know their markets well. In order to minimise market and credit risk, routines have been established to ensure that sales are made to creditworthy customers within defined credit limits.

Liquidity risk

The Group's holdings of cash and cash equivalents indicate that the liquidity risk is low. See also notes 11 and 14.

NOTE 16 Employee benefits

Declaration of the Board of Directors remuneration policy with respect to senior executives

A major element in the Company's remuneration policy is that executives should be offered competitive terms, with a salary comparable to similar positions in their national labour markets. The Company has established bonus schemes based on the financial performance of the profit centre for which the individual executive is responsible, that form a major part of the overall compensation package. Salary and other remunerations are mainly adjusted in accordance with developments in salary/price levels in the country in which the position is located. In 2015, the remuneration policy has complied with the declaration presented to the General Meeting in 2015. A new declaration will be presented at the General Meeting in 2016.

Pension commitments

A Group pension scheme (defined contribution plan) has been established for employees of the Group's Norwegian companies and in most of its foreign subsidiaries. The Group also has obligations regarding AFP (Early retirement pension plan) and pension expensed continuously. For accounting purposes, pension schemes are treated in accordance to IAS 19. Norway's new AFP Contributions Act was passed on 19 February 2010, with effect from 1 January 2010. The new AFP early retirement scheme is deemed to be a defined benefit multi-enterprise scheme. In principle, the liability shall be calculated and recognised. However, the scheme's current administrator is, for practical reasons, unable to perform these calculations. Until these calculations are made, the new AFP early retirement scheme must be recognised as a defined contribution scheme. See table below:

Pension commitments (Figures in NOK 1 000)	2015	2014
Accumulated pension liabilities	8 501	7 698
Accrued national insurance contributions	0	105
Net pension liabilities	8 501	7 803
Economic assumptions:		
Discount rate		2,30 %
Expected increase in salaries		2,75 %
Expected increase in pensions		2,50 %
Expected increase in government contribution		2,50 %

TNOK 8 501 of the total liabilities relate to foreign subsidiaries.

Change in pension liabilities (Figures in NOK 1 000)	2015	2014
Pension liabilities as at 1.1	7 803	9 804
Additions from acquisitions	0	388
Contribution to scheme/pensions paid	-1 479	-2 424
Expenses recognised in the income statement	1 130	373
Effect of changes in exchange rates	1 047	459
Actuarial gains/losses recognised directly in equity	0	-797
Pension liabilities as at 31.12	8 501	7 803

In 2015 net pensions paid and premium was TNOK 27 358. In 2016 it is expected to amount to approx. TNOK 20 000.

Pension costs (Figures in NOK 1 000)	2015	2014
Pensions paid/defined contribution plan	26 228	32 424
Net present value of benefits earned during the year	881	82
Interest expenses on pension liabilities	249	291
Net pension cost	27 358	32 797

Mandatory pension scheme:

All Norwegian subsidiaries must, according to Norwegian law, establish a pension scheme for their employees. All Norwegian companies have pension schemes that comply with Norwegian law.

Actuarial losses / (gains) recognised in Other comprehensive income (Figures in NOK 1 000)	2015	2014
Accumulated 1.1	24 182	24 979
Recognised current year	0	-797
Accumulated 31.12	24 182	24 182

Special agreements

Individual bonus agreements for 2015 have been entered into with eight members of group management, including the CEO. 70 per cent of the bonus scheme depends on the revenues and operating margin achieved by the Group or the segments, while 30 per cent depends on the achievement of non-financial targets.

Olav Holst-Dyrnes has a separate bonus agreement. The terms of the bonus scheme will be determined by the board. In the event of his resignation, 6 months' severance pay has been agreed.

Bonus-based incentives

Employee bonuses

Employee bonuses are calculated as a percentage of monthly salary, depending on the operating margin recognised in the consolidated financial statements, exclusive of IMG.

The Stressless® segment achieved an operating margin of 10.2 per cent in 2015. This exceeds the 10 per cent threshold that qualifies for a bonus. An employee bonus will therefore be paid to the Stressless® organisation with respect to 2015.

The Svane segment did not reach the payout threshold for employee bonuses in 2015.

Employees of IMG are not covered by this scheme.

NOTE 17 Related parties and remuneration to Auditors

Definition of related parties:

The Group's related parties are members of the board and management, and companies which members of the board and management control or have significant influence over.

Remuneration to members of Group Management in 2014

(Figures in NOK)	Nils-Fredrik Drabløs	Olav Holst-Dyrnes	Arve Ekornes	Runar Haugen	Geir Balsnes
Salaries 2014	2 868 591	614 421	1 659 385	2 294 875	1 735 184
Bonus 2014 (calculated provision)		10 752	99 568	99 568	99 568
Pension			68 225	70 516	62 782
Other remunerations	11 944	7 779	46 613	60 967	35 880
Total	2 880 535	632 952	1 873 791	2 525 926	1 933 414

Remuneration to members of Group Management in 2014

(Figures in NOK)	Svein Lunde	Robert Svendsen	Ola Arne Ramstad	Jon-Erlend Alstad
Salaries 2014	2 364 571	2 657 170	1 708 432	2 003 575
Bonus 2014 (calculated provision)	99 568	99 568	99 568	34 798
Pension		68 983	71 650	61 249
Other remunerations	24 016	128 028	45 168	12 822
Total	2 488 155	2 953 749	1 924 818	2 112 444

Remuneration to members of Group Management in 2015

(Figures in NOK)	Olav Holst-Dyrnes	Arve Ekornes	Runar Haugen	Geir Balsnes	Svein Lunde
Salaries 2015	3 280 568	1 896 855	2 619 952	1 766 860	3 110 804
Pension	50 438	50 438	50 438	50 438	
Other remunerations	23 118	41 281	28 984	22 003	-
Sum	3 354 124	1 988 574	2 699 374	1 839 301	3 110 804

Remuneration to members of Group Management in 2015

(Figures in NOK)	Ola Arne Ramstad	Jon-Erlend Alstad	Lars Wittermann	Trine-Marie Hagen
Salaries 2015	1 937 012	2 102 710	299 244	2 025 239
Pension	50 438	50 438	50 438	50 438
Other remunerations	23 396	12 963	6 325	205 409
Sum	2 010 846	2 166 111	356 007	2 281 086

Remuneration to Board Members in 2014

(Figures in NOK)	Olav-Kjell Holtan	Kjersti Kleven	Stian Ekornes	Bjørn Gulden	Nora F. Larssen	Torill Svendsen	Sveinung Utgård	Tone Helen Hanken
Salaries 2014						404 199	737 389	308 371
Bonus 2014 (calculated provision)							12 904	5 341
Pension						19 470	41 301	15 180
Directors' fee	560 000	516 333	157 000	60 000	292 000		125 000	125 000
Other remunerations						1 350	5 742	1 350
Total	560 000	516 333	157 000	60 000	292 000	425 019	922 336	455 242

Remuneration to Board Members in 2014

(Figures in NOK)	Atle Berntzen	Jarle Roth	Lars I. Røiri	Aslak Hestholm	Anne Marie Smøge (vara)	Else Marie Rønning (vara)	Ove Fagerheim (vara)	Wenche Elvegård
Salaries 2014	441 150			400 724	348 618	678 398	358 286	438 309
Bonus 2014 (calculated provision)	7 445			6 902	5 830	11 794	6 175	7 606
Pension	22 072			16 994	18 940	36 557	21 058	22 392
Directors' fee	62 500	168 000	166 833	65 000			6 000	60 000
Other remunerations	4 286			1 350	1 350	7 742	1 350	5 742
Total	537 453	168 000	166 833	490 970	374 738	734 491	392 869	534 049

Remuneration to Board Members in 2015

(Figures in NOK)	Kjersti Kleven	Stian Ekornes	Nora F. Larssen	Sveinung Utgård	Tone Helen Hanken
Salaries 2015				756 740	220 472
Pension				31 789	9 265
Directors' fee	655 333	250 250	356 417	130 000	130 000
Other remunerations				5 712	1 440
Total	655 333	250 250	356 417	924 241	361 177

Remuneration to Board Members in 2015

(Figures in NOK)	Atle Berntzen	Jarle Roth	Lars I. Røiri	Aslak Hestholm
Salaries 2015	489 609			406 596
Pension	16 065			13 197
Directors' fee	97 500	330 667	342 333	97 500
Other remunerations	6 201			1 440
Total	609 375	330 667	342 333	518 733

No deputy directors received directors' fees in 2015.
Ekornes has no share-based incentive schemes.

Remuneration to Auditors (Figures in NOK)

	2015	2014
Audit fee	8 334	6 717
Other attestation fees	98	489
Tax advisory services	864	1 098
Other services	259	571
Total	9 555	8 875

NOTE 18 shares and shareholders

In 2015 a total of 8 200 551 shares in Ekornes ASA were traded on the Oslo Stock Exchange, compared with 7,198,000 shares in 2014. As at 31 December 2015, Ekornes ASA had a total of 36,826,753 shares outstanding, each with a face value of NOK 1.00.

Shareholders	No. of shareholders		% of share capital	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
Norske	2 225	2 334	50,2 %	53,2 %
Non-Norwegian	180	182	49,8 %	46,8 %
Total	2 405	2 516	100,0 %	100,0 %

The 20 largest shareholders as at 31.12.2015

Shareholders	Country	No. of shares held	Percentage
NORDSTJERNAN AB	SWE	6 359 652	17,27 %
FOLKETRYGDFONDET	NOR	3 871 183	10,51 %
ODIN NORGE	NOR	1 690 862	4,59 %
PARETO AKSJE NORGE	NOR	1 629 133	4,42 %
NORDEA NORDIC SMALL CAP FUND	FIN	1 486 158	4,04 %
UNHJEM BERIT VIGDIS EKORNES	NOR	1 080 331	2,93 %
MERTENS GUNNHILD EKORNES JPMBSA RE GUNNHILD EKORNES MERTEN	NOR	1 075 050	2,92 %
J.P. MORGAN CHASE BANK N.A. LONDON NORDEA RE:NON-TREATY ACCOUNT	GBR	1 062 536	2,89 %
RBC INVESTOR SERVICES BANK S. A	LUX	890 774	2,42 %
J.P. MORGAN CHASE BA, SPECIAL TREATY LENDING	GBR	727 860	1,98 %
SKANDINAVISKA ENSKILDA BANKEN AB	SWE	700 000	1,90 %
NILS GUNNAR HJELLEGJERDE	THA	566 000	1,54 %
STATE STREET BANK A/C CLIENT OMNIBUS F	USA	564 990	1,53 %
TORILL ANNE EKORNES	NOR	523 897	1,42 %
CLEARSTREAM BANKING S.A.	LUX	443 145	1,20 %
VPF NORDEA KAPITAL	NOR	443 000	1,20 %
THE NORTHERN TRUST CO.	GBR	425 150	1,15 %
KJETIL EKORNES	NOR	394 959	1,07 %
VJ INVEST AS	NOR	386 016	1,05 %
CITIBANK, N.A.	USA	348 840	0,95 %
Total		24 669 536	67,0 %

NOTE 19 Group entities

Shares in subsidiaries	Business office	Shareholding	Voting share
Owned directly:			
J. E. Ekornes AS	Ikornnes	100 %	100 %
Ekornes Beds AS	Fetsund	100 %	100 %
Ekornes Skandinavia AS	Ikornnes	100 %	100 %
Ekornes Contract AS	Sykkylven	100 %	100 %
J. E. Ekornes ApS, Denmark	Odense	100 %	100 %
Ekornes K.K, Japan	Tokyo	100 %	100 %
OY Ekornes AB, Finland	Helsinki	100 %	100 %
Ekornes Inc., USA	Somerset, N.J	100 %	100 %
Ekornes Ltd., England	London	100 %	100 %
Ekornes Möbelvertriebs GmbH, Germany	Hamburg	100 %	100 %
Ekornes S.A.R.L, Frace	Pau	100 %	100 %
Ekornes Iberica SL, Spain	Pau	100 %	100 %
Ekornes Asia Ltd., Singapore	Singapore	100 %	100 %
Ekornes Latin America Ltda, Brasil (the company is being wound up)	São Paulo	100 %	100 %
Ekornes Pty Ltd, Australia	Sydney	100 %	100 %
Ekornes China Co, Ltd., China	Shanghai	100 %	100 %
IMG Group AS	Sykkylven	100 %	100 %
Owned indirectly:			
J. E. Ekornes USA, Inc, USA	Morganton, NC	100 %	100 %
Ekornes Malaysia SDN BHD, Malaysia	Kuala Lumpur	100 %	100 %
Ekornes Beds GmbH, Germany	Hamburg	100 %	100 %
Ekornes Taiwan Ltd., Taiwan	Taipei	100 %	100 %
Ekornes Hong Kong Co, Ltd	Hong Kong	100 %	100 %
IMG Skandinavia AS	Sykkylven	100 %	100 %
IMG Holdco AS	Sykkylven	100 %	100 %
IMG AS	Sykkylven	100 %	100 %
IMG Hjellegjerde (Vietnam) CO.,LTD	Ben Cat Town	100 %	100 %
IMG Australia PTY Ltd	Victoria	100 %	100 %
IMG PTY Ltd	Victoria	100 %	100 %
IMG (Thailand) Limited	Chacheongsao	100 %	100 %
IMG New Zealand Ltd.	Auckland	100 %	100 %
International Mobel Group, USA Inc.	Corona, CA	100 %	100 %

NOTE 20 Subsequent events

Comparable figures for 2014 have been restated for gross revenues and cost of goods sold. The reclassification is due to internal transactions and has resulted in a NOK 68.2 million reduction in both gross revenues and the cost of goods sold. The reclassification has not led to any changes in profits or the balance sheet total.

No significant events have occurred between the balance sheet date and the publication of the financial statements which have materially affected the Group's financial position and which should have been reflected in the financial statements here presented.



Ekornes ASA
Financial statements

INCOME STATEMENT 2015

(Figures in NOK 1 000)	Notes	2015	2014
Operating revenues and expenses			
Sales revenues	3	16 718	53 102
Other revenues	2, 3	383 910	217 766
Total operating revenues	2, 3	400 627	270 867
Operating expenses			
Materials		12 494	37 798
Salaries & national insurance contributions	5, 6	79 328	65 391
Depreciation	7	68 028	66 168
Other operating expenses	6	103 590	119 398
Total operating expenses		263 439	288 754
OPERATING PROFIT		137 188	-17 887
Financial income and expenses			
Dividend and group contribution	4	168 986	257 059
Financial income	4	7 008	4 891
Gains/loss on currency exchange	4	-82 819	13 397
Financial expenses	4	-1 898	-3 188
Net financial items		91 278	272 159
ORDINARY PROFIT BEFORE TAX		228 466	254 272
Tax on ordinary profit	14	-45 503	-51 186
PROFIT FOR THE YEAR		182 963	203 087
DISTRIBUTED AS FOLLOWS			
Proposed dividend	15	-147 307	-147 307
Proposed group contribution	15	0	-24 900
Tax group contribution	15	0	6 723
Proposed group contribution	15	84 759	18 177
Other equity	15	-120 415	-55 780
Total distributed		-182 963	-203 087

BALANCE SHEET 31.12.2015

ASSETS (Figures in NOK 1 000)	Notes	31.12.2015	31.12.2014
Non-current assets			
Software	7, 12	42 797	62 418
Total non-current intangible assets	8	42 797	62 418
Buildings, land etc.	7, 12	538 623	558 829
Operating movables, fixtures	7, 12	3 050	2 265
Total property, plant & equipment		541 673	561 094
Shares in subsidiaries	9	140 653	138 704
Receivables subsidiaries	11, 13	480 239	500 750
Other long-term receivables and investments	10	10 272	10 272
Total non-current financial assets		631 164	649 726
Total non-current assets		1 215 633	1 273 238
Current assets			
Inventory finished goods		2 789	2 347
Trade receivables	2	4 010	870
Public charges/VAT receivables		13 882	9 732
Other short-term receivables		6 723	4 076
Dividend outstanding from group companies		84 227	87 059
Receivables subsidiaries	13	505 758	426 656
Cash and bank deposits	16	9 362	3 012
Total current assets		626 751	533 751
TOTAL ASSETS		1 842 385	1 806 990

(Continued on next page)

BALANCE SHEET 31.12.2015 (CONTINUED)

EQUITY AND LIABILITIES (Figures in NOK 1 000)	Notes	31.12.2015	31.12.2014
EQUITY			
Share capital	15, 17	36 827	36 827
Premium reserve	15	386 321	386 321
Other equity deposits	15	1 983	1 983
Total equity deposits		425 131	425 131
Other equity	15	883 566	847 908
Total retained earnings		883 566	847 908
Total equity		1 308 696	1 273 038
Non-current liabilities			
Long-term pension liabilities	6	0	121
Deferred tax	14	4 628	5 037
Total non-current liabilities		4 628	5 157
Current liabilities			
Debt to credit institutions	12	294 971	303 544
Trade payables		12 427	11 309
Dividend	15	147 307	147 307
Public charges payable		4 239	4 443
Current liabilities subsidiaries	13	0	6 723
Tax payable	14	44 899	38 711
Other current liabilities	6	25 217	16 757
Total current liabilities		529 060	528 794
TOTAL EQUITY AND LIABILITIES		1 842 385	1 806 990

Ikornnes, 31 December 2015/11 April 2016

The Board of Directors of Ekornes ASA

Kjersti Kleven
ChairJarle Roth
Vice-Chair

Nora Förisdal Larssen

Stian Ekornes

Lars I. Røiri

Sveinung Utgård

Tone Helen Hanken

Atle Berntzen

Olav Holst-Dyrnes
CEO

CASH FLOW STATEMENT

(Figures in NOK 1 000)	2015	2014
Cash flow from operating activities		
Profit before tax	228 466	254 272
Tax paid	-39 723	-51 527
Profit/loss on sale of non-current assets	-93	0
Depreciation	68 028	66 168
Changes in inventory	-442	209
Changes in trade receivables	-3 140	5 695
Changes in intra-group receivables	-62 482	-145 660
Changes in trade payables	1 118	-13 420
Diff. between pension cost and amount paid into/out of pension scheme	-121	-469
Changes in other current balance sheet items	1 458	3 824
Net cash flow from operating activities	193 069	119 093
Cash flow from investing activities		
Proceeds from sale of property, plant & equipment	93	0
Investments in property, plant & equipment	-28 985	-36 506
Investments in shares and partnerships	-1 950	-105 610
Disbursement of loans to subsidiaries	0	-312 582
Net cash flow from investing activities	-30 841	-454 698
Cash flow from financing activities		
Receipts from new short-term borrowings	0	303 544
Net change in overdraft	-8 573	0
Dividend paid	-147 305	-202 547
Net cash flow from financing activities	-155 878	100 996
Net change in cash and cash equivalents	6 350	-234 609
Cash and cash equivalents at the beginning of period	3 012	237 620
Cash and cash equivalents at the end of period	9 362	3 012

NOTE 1 Accounting principles

BASIC PRINCIPLES – ASSESSMENT AND CLASSIFICATION

The financial statements comprise the profit and loss account, the balance sheet, cash flow statement and notes to the financial statements. They have been prepared in accordance with the Public Limited Companies Act, the Accounting Act and generally accepted accounting practice in Norway, as applicable at 31 December 2015. The notes are therefore an integral part of the financial statements for the year.

The financial statements are based on the fundamental principles of historic cost, comparability, going concern, congruence and prudence. Transactions are recognised at the value of the consideration on the date of the transaction. Revenues are recognised when they are earned and costs are matched with earned revenues. Account is taken of hedging and portfolio management. The accounting principles are elaborated below.

Assets/liabilities relating to the production cycle, and items falling due for payment within a year of the balance date, are classified as current assets/current liabilities. Current assets/current liabilities are valued at the lower/higher of acquisition cost and fair value. Fair value is defined as the estimated future sales price, less anticipated sales costs. Other assets are classified as non-current assets. Non-current assets are valued at acquisition cost. Non-current assets, whose value fall over time, are depreciated. If the value of an asset is impaired and the impairment is not expected to be of a temporary nature, the value of the non-current asset is written down. Similar principles normally also apply to liabilities.

OPERATING REVENUES

Ekornes sells goods in markets where Ekornes does not have its own sales companies. Revenues from the sale of goods are recognised when delivery has occurred, and the bulk of the associated risk and control has been transferred to the customer. A variety of delivery terms are employed, and the date on which revenues are recognised will depend on the actual delivery terms. Agreements contain no stipulations that have required Ekornes to defer all or part of the revenue concerned after the goods are deemed to have been delivered in accordance with the delivery terms. Where Ekornes assumes the risk with respect to the goods up to acceptance by the customer, the goods are insured in transit. Sales revenues are presented net of VAT and discounts.

RECEIVABLES AND LIABILITIES IN FOREIGN CURRENCIES

Cash and cash equivalents, receivables and liabilities denominated in foreign currencies are translated at the rate of exchange on the balance sheet date. The company has entered into forward currency contracts to reduce its foreign exchange risk. The company has used hedge accounting and has applied alternative 2 for cash-flow hedging in NRS with respect to financial assets and liabilities, where the value of the forward currencies is not capitalised and where recognition in profit and loss is not performed until the forward contracts have materialised. The company has prepared hedging documentation and performed tests of the effectiveness of the hedging, and has concluded that the hedging is effective, since it is expected that the hedging instrument will fall due at approximately the same time as the object hedged.

TREATMENT OF SUBSIDIARIES IN THE PARENT COMPANY ACCOUNTS

The parent company's investment in subsidiaries is valued at the lower of acquisition cost and fair value.

TRADE RECEIVABLES

Trade receivables are recorded at face value, less deductions for anticipated bad debts.

INVENTORY

Inventory is valued at the lower of acquisition cost and anticipated sales price less sales costs. Deductions have been made for obsolescence.

PROPERTY, PLANT & EQUIPMENT

Property, plant & equipment are recorded as assets on the balance sheet at the original acquisition cost plus appreciation, less deduction for accumulated depreciation. Depreciation is calculated in a straight line over the economic life of the asset on the basis of original acquisition cost plus appreciation. Appreciation dates from before the Accounting Act was amended in 1998.

MAJOR INDIVIDUAL TRANSACTIONS

The effects of major individual transactions are shown as separate lines in the income statement and/or commented on in the notes.

PENSION

The Company has adopted the alternative in IAS 19. Actuarial gains and losses are recognised directly in equity. Once the last remaining liability under the old AFP early retirement scheme was recognised in 2015, the company has no pension liabilities in its financial statements. Pension costs relating to the company's defined-contribution scheme are charged to expenses when the premium/contribution is paid.

RELATED PARTIES

Related parties are defined as group companies, major shareholders, directors of the Company or its subsidiaries, and senior executives. Agreements relating to the remuneration paid to the board of directors and senior executives are detailed in Note 6. No material transactions or agreements with related parties were concluded during the present financial year or those years for which comparable figures are given, other than normal business transactions between group companies.

DEFERRED TAX AND TAX EXPENSE

Deferred tax liabilities are calculated on the basis of temporary differences between the carrying values recognised in the financial statements for the year and the carrying values recognised for tax purposes. A nominal tax rate is used for calculation purposes. Positive and negative differences are set off against each other within the same period. A deferred tax asset arises if temporary differences give rise to a future tax deduction. The tax expense for the year comprises changes in deferred tax liabilities and deferred tax assets as well as tax payable for the financial year, adjusted for possible errors in previous years' calculations.

NOTE 2 Finansiell markedsrisiko

Ekornes sells its products internationally and invoices its customers in the respective country's unit of currency.

The company makes use of financial instruments to reduce its foreign exchange risk. The company employs forward contracts as a financial instrument. The benefit of entering into currency contracts is weighed against the impact of sales and purchases. The company seeks to hedge its expected future foreign exchange exposure for up to 36 months ahead in time. In the first quarter 2015 the proportion of exposure hedged and the hedging period were reduced, although the full impact of this will not be felt until the first quarter 2018. As part of the its efforts to reduce its foreign exchange exposure, the Group also seeks to purchase goods and services internationally in corresponding currencies where financially advantageous.

Hedging through the use of financial instruments is carried out as long as the exchange rate that can be achieved is equal to or better than the company's budgeted rates. If the exchange rate achievable is below this level, the company postpones further hedging of this type until the situation has improved. If exchange rates remain lower than those budgeted for over a long period, various strategies for adjusting to a new and lower exchange rate are assessed and implemented as appropriate.

Hedging is not recognised until the transaction has materialised.

Unrecognised gains and losses on hedging: (Figures in NOK 1 000)	2015	2014
In this period	-136 459	-274 881
Unrealised as at 31.12	-398 423	-261 964

Of unrealised amounts as at 31.12.15, NOK -201 million is expected to fall due in 2016, NOK -178 million in 2017 and NOK -93,3 million in 2018.

The changes in the value of hedging instruments is estimated by obtaining a valuation of the forward contracts from the banks.

Credit and market risk

The vast majority of the company's receivables are from its own subsidiaries. The risk of loss is therefore deemed to be low.

Liquidity risk

The company's cash reserve indicates that the liquidity risk is low.

NOTE 3 Sales revenues and other sales revenue

(Figures in NOK 1 000)	2015	2014
Norway	0	10
Europe	2 100	3 872
Asia (excl. Japan)	13 719	47 242
Other	899	1978
Total sales revenues	16 718	53 102
(Figures in NOK 1 000)	2015	2014
Rental income	56 550	56 550
Services to subsidiaries	151 293	92 929
Agio	176 066	68 287
Total sales revenues	383 910	217 766

Ekornes ASA has an agreement with other Norwegian subsidiaries that these will receive payment for sales at agreed exchange rates, such that the subsidiaries do not incur any currency risk. The difference between the exchange rates agreed with the subsidiaries and the market rates is shown as agio/disagio under "Other operating revenues"

NOTE 4 Merged items

(Figures in NOK 1 000)	2015	2014
Financial income and expenses		
Dividends from subsidiaries	84 227	87 059
Group contribution	84 759	170 000
Total dividend and group contribution	168 986	257 059
Other interest income from subsidiaries	5 275	3 645
Other financial income	1 733	1 246
Total financial income	7 008	4 891
Net gain/loss on foreign exchange	-82 819	13 397
Other interest expenses	1 505	2 764
Other financial expenses	393	423
Total financial expenses	1 898	3 187
Net financial items	91 278	272 159

In the parent company's financial statements, dividends from subsidiaries is recognised in the year in which it is earned by the subsidiary, if it is clear that dividend will be paid by the subsidiary to the parent company. Net agio/disagio under financial items applies principally to gains/losses on realised forward currency contracts.

NOTE 5 Salaries, number of employees, remuneration and pensions

(Figures in NOK 1 000)	2015	2014
Salaries	67 969	53 297
National insurance contributions	7 609	7 961
Pension costs	1 934	2 273
Other personnel expenses	1 816	1 860
Total	79 328	65 391
Average number of full-time equivalents	68	66

NOTE 6 Employee benefits

Pension liabilities

A Group pension scheme (defined contribution plan) has been established for the employees of the company. The Company has also pensions expensed continuously plus an old early retirement scheme (AFP), which are treated for accounting purposes as defined benefit schemes. The new AFP scheme is recognised as a defined contribution plan.

The Company has elected to manage pension costs and liabilities under IAS 19.

Pension costs (Figures in NOK 1 000)	2015	2014
Pensions paid (defined contribution scheme)	1 934	2 255
Interest expenses on pension liabilities	-	18
Total	1 934	2 273

Reconciliation of the scheme funding position and the amounts disclosed in the balance sheet (Figures in NOK 1 000)

	31.12.2015	31.12.2014
Accumulated pension liabilities	-	106
Accrued national insurance contributions	-	15
Net pension liabilities	-	121

Financial assumptions:

Discount rate		2,30 %
Expected increase in salaries		2,75 %
Expected increase in pensions		2,50 %
Expected increase in government contribution		2,50 %

Mandatory pension scheme

The Company must, according to Norwegian law, establish pension schemes for its employees. The Company has pension schemes that are in compliance with Norwegian law.

Declaration of the Board of Directors remuneration policy with respect to senior executives

A major element in the Company's remuneration policy is that executives should be offered competitive terms, with a salary comparable to similar positions in their national labour markets. The Company has established bonus schemes based on the financial performance of the profit centre for which the individual executive is responsible, that form a major part of the overall compensation package. Salary and other remunerations are mainly adjusted in accordance with developments in salary/price levels in the country in which the position is located. In 2015, the remuneration policy has complied with the declaration presented to the AGM in 2015. A new declaration will be presented at the AGM in 2016.

Special agreements

Individual bonus agreements for 2015 have been entered into with eight members of group management, including the CEO. 70 per cent of the bonus scheme depends on the revenues and operating margin achieved by the Group or the segments, while 30 per cent depends on the achievement of non-financial targets.

Olav Holst-Dyrnes has a separate bonus agreement. The terms of the bonus scheme will be determined by the board. In the event of his resignation, 6 months' severance pay has been agreed.

Bonus-based incentives

Employee bonuses

The Stressless® segment achieved an operating margin of 10.2 per cent in 2015. This exceeds the 10 per cent threshold that qualifies for a bonus. An employee bonus will therefore be paid to the Stressless® organisation with respect to 2015.

Remuneration to members of Group Management in 2014

(Figures in NOK)	Nils-Fredrik Drabløs	Olav Holst-Dyrnes	Arve Ekornes	Runar Haugen	Geir Balsnes
Salaries 2014	2 868 591	614 421	1 659 385	2 294 875	1 735 184
Bonus 2014 (calculated provision)		10 752	99 568	99 568	99 568
Pension			68 225	70 516	62 782
Other remunerations	11 944	7 779	46 613	60 967	35 880
Total	2 880 535	632 952	1 873 791	2 525 926	1 933 414

Remuneration to members of Group Management in 2014

(Figures in NOK)	Svein Lunde	Robert Svendsen	Ola Arne Ramstad	Jon-Erlend Alstad
Salaries 2014	2 364 571	2 657 170	1 708 432	2 003 575
Bonus 2014 (calculated provision)	99 568	99 568	99 568	34 798
Pension		68 983	71 650	61 249
Other remunerations	24 016	128 028	45 168	12 822
Total	2 488 155	2 953 749	1 924 818	2 112 444

Remuneration to members of Group Management in 2015

(Figures in NOK)	Olav Holst-Dyrnes	Arve Ekornes	Runar Haugen	Geir Balsnes	Svein Lunde
Salaries 2015	3 280 568	1 896 855	2 619 952	1 766 860	3 110 804
Pension	50 438	50 438	50 438	50 438	
Other remunerations	23 118	41 281	28 984	22 003	-
Sum	3 354 124	1 988 574	2 699 374	1 839 301	3 110 804

Remuneration to members of Group Management in 2015

(Figures in NOK)	Ola Arne Ramstad	Jon-Erlend Alstad	Lars Wittermann	Trine-Marie Hagen
Salaries 2015	1 937 012	2 102 710	299 244	2 025 239
Pension	50 438	50 438	50 438	50 438
Other remunerations	23 396	12 963	6 325	205 409
Sum	2 010 846	2 166 111	356 007	2 281 086

NOTE 6 Employee benefits (continued)

Remuneration to Board Members in 2014

(Figures in NOK)	Olav-Kjell Holtan	Kjersti Kleven	Stian Ekornes	Bjørn Gulden	Nora F. Larssen	Torill Svendsen	Sveinung Utgård	Tone Helen Hanken
Salaries 2014						404 199	737 389	308 371
Bonus 2014 (calculated provision)							12 904	5 341
Pension						19 470	41 301	15 180
Directors' fee	560 000	516 333	157 000	60 000	292 000		125 000	125 000
Other remunerations						1 350	5 742	1 350
Total	560 000	516 333	157 000	60 000	292 000	425 019	922 336	455 242

Remuneration to Board Members in 2014

(Figures in NOK)	Atle Berntzen	Jarle Roth	Lars I. Røiri	Aslak Hestholm	Anne Marie Smoge (vara)	Else Marie Rønning (vara)	Ove Fagerheim (vara)	Wenche Elvegård
Salaries 2014	441 150			400 724	348 618	678 398	358 286	438 309
Bonus 2014 (calculated provision)	7 445			6 902	5 830	11 794	6 175	7 606
Pension	22 072			16 994	18 940	36 557	21 058	22 392
Directors' fee	62 500	168 000	166 833	65 000			6 000	60 000
Other remunerations	4 286			1 350	1 350	7 742	1 350	5 742
Total	537 453	168 000	166 833	490 970	374 738	734 491	392 869	534 049

Remuneration to Board Members in 2015

(Figures in NOK)	Kjersti Kleven	Stian Ekornes	Nora F. Larssen	Sveinung Utgård	Tone Helen Hanken
Salaries 2015				756 740	220 472
Pension				31 789	9 265
Directors' fee	655 333	250 250	356 417	130 000	130 000
Other remunerations				5 712	1 440
Total	655 333	250 250	356 417	924 241	361 177

Remuneration to Board Members in 2015

(Figures in NOK)	Atle Berntzen	Jarle Roth	Lars I. Røiri	Aslak Hestholm
Salaries 2015	489 609			406 596
Pension	16 065			13 197
Directors' fee	97 500	330 667	342 333	97 500
Other remunerations	6 201			1 440
Total	609 375	330 667	342 333	518 733

No deputy directors received directors' fees in 2015.

Remuneration to Auditors (Figures in NOK)

	2015	2014
Audit fee	2 459	2 355
Tax advisory services	129	84
Total	2 528	2 440

NOTE 7 Property plant and equipment

(Figures in NOK 1 000)	Software	Sites, buildings	Operating movables, fixtures etc.	Total
Acquisition value at 01.01.2015	225 423	1 064 490	16 731	1 306 644
+ additions	11 843	14 405	2 737	28 985
- disposals at acquisition value	123		1 575	1 698
Acquisition value at 31.12.2015	237 143	1 078 895	17 894	1 333 931
Acc. ordinary depreciations at 01.01.2015	163 005	505 660	14 467	683 132
+ the year's ordinary depreciations	31 464	34 612	1 952	68 028
- acc. ord. dep sold non-curr. assets	123		1 575	1 698
Acc. ordinary depreciation at 31.12.2015	194 346	540 272	14 843	749 461
Book value 31.12.2015	42 797	538 623	3 050	584 469

The company has no material leasing contracts.

NOTE 8 Intangible assets

All expenses relating to development, manufacturing and maintenance of products, product-rights and registered trademarks are recognised as an expense.

NOTE 9 Shares in subsidiaries

Shares in subsidiaries Ekornes ASA				
(Figures in NOK 1 000)	Business office	Shareholding	Voting share	Book value
Owned directly				
J. E. Ekornes AS	Ikornnes	100 %	100 %	6 000
Ekornes Beds AS	Fetsund	100 %	100 %	8 000
Ekornes Skandinavia AS	Ikornnes	100 %	100 %	1 242
Ekornes Contract AS	Sykkylven	100 %	100 %	9 192
J. E. Ekornes ApS, Denmark	Odense	100 %	100 %	204
Ekornes K.K, Japan	Tokyo	100 %	100 %	2 680
OY Ekornes AB, Finland	Helsinki	100 %	100 %	69
Ekornes Inc., USA	Somerset, NJ	100 %	100 %	3 000
Ekornes Ltd., England	London	100 %	100 %	225
Ekornes Möbelvertriebs GmbH, Germany	Hamburg	100 %	100 %	415
Ekornes S.A.R.L, France	Pau	100 %	100 %	550
Ekornes Iberica SL, Spain	Pau	100 %	100 %	79
Ekornes Asia Ltd., Singapore	Singapore	100 %	100 %	1 875
Ekornes Latin America Ltda, Brazil	São Paulo	100 %	100 %	0
Ekornes Pty Ltd, Australia	Sydney	100 %	100 %	113
Ekornes China Co, Ltd., China	Shanghai	100 %	100 %	1 950
IMG Group AS	Sykkylven	100 %	100 %	105 060
Total directly				140 653

NOTE 10 Shares in other companies, etc.

Shares in other companies (Figures in NOK 1 000)	Share	Acquisition Cost	Book value
Non-current assets			
Sykkylvsbrua AS	37,5 %	8 141	8 141
Other shares		1 562	1 562
Other long-term receivables and placements		569	569
Total		10 272	10 272

Sykkylvsbrua AS is not treated as an associate company since the Group has no entitlement to any share of its profits.

NOTE 11 Receivables falling due more than a year hence

(Figures in NOK 1 000)	2015	2014
Loans to group companies	480 239	500 750
Total	480 239	500 750

NOTE 12 Interest-bearing loans and credits

The Group regularly assesses its capital structure and risk profile. Over time the Group has had a solid balance sheet, with little debt and a high level of equity. Through strategic investments this may change, following the raising of loans, buyback of treasury shares or the payment of dividends. The acquisition of IMG Group in 2014 represents one such change in line with the Group's strategy of long-term development of its core business. In connection with the acquisition, the Group extended its credit facilities with Nordea, Sparebank Møre and Danske Bank. The Group has drawn on these facilities since the autumn of 2014.

The majority of the Group's Norwegian companies participate in a group account scheme, where the parent company, Ekornes ASA, is the primary account holder. All participants are jointly and severally liable for the amount outstanding in the group account at any given time. At the close of the year, the Group had a cash holding of NOK 229,556,000 in subsidiaries in Norway and abroad which are not a part of the group account scheme.

As at 31 December 2015, the Group had an interest-bearing debt of NOK 308,661,000 (2014: NOK 333,147,000). The Group's credit facilities and amounts drawn thereon were as follows as at 31 December 2015:

(Figures in NOK 1 000)	Credit ceiling	Amount drawn	Available
Sparebank Møre	375 000	-183 565	191 435
Nordea	340 000	-125 096	214 904
Danske Bank	100 000	0	100 000
Total	815 000	-308 661	506 339

Sparebank Møre

Duration of 5 years with annual renewal. Land, buildings and operating assets have been pledged as surety for this credit facility. Sparebank Møre and Nordea are ranked equal with respect to sureties. See Notes 8 and 11 for further details.

Loan conditions:

- 1) The Group's recognised equity ratio shall be at least 30%
- 2) Buildings shall be revalued every third year, with the bank having access to the reports.

Nordea

Duration of 5 years with annual renewal. Land, buildings and operating assets have been pledged as surety for this credit facility. Sparebank Møre and Nordea are ranked equal with respect to sureties. See Notes 8 and 11 for further details.

Loan conditions:

- 1) The credit facility may be used only for general corporate funding.
- 2) No new loans may be raised without written consent.

Danske Bank

No fixed term, with annual assessment of the credit facility. No sureties have been given with respect to amounts drawn.

Loan conditions:

- 1) The Group's recognised equity shall be at least NOK 500,000,000.
- 2) Cross default with respect to Ekornes ASA's other financial obligations.

NOTE 13 Intra-group balances and accounts

All intra-group balances are shown on separate lines in the balance sheet.

Transactions with subsidiaries (Figures in NOK 1 000)

Sale of goods	-
Purchases	12 494
Sale of services	146 613
Commission	4 537
Interest income	5 275
Rental income	56 550

NOTE 14 Tax and temporary differences

(Figures in NOK 1 000)	2015	2014
Tax payable:		
Pre-tax profit	228 466	254 272
Permanent differences	-85 872	-88 135
Changes in temporary differences	1 898	-18 507
This year's tax base	144 492	147 630
Tax payable on profit for the year	39 013	39 860
Tax expense		
Tax payable on profit for the year	39 013	39 860
Correction to tax payable previous year	855	1 520
Gross change in deferred tax	-408	5 832
Withholding tax	6 044	4 138
Deferred tax on income/expenses recognised in equity	0	-164
Total tax	45 503	51 186
Tax payable in the balance sheet		
Tax payable on profit for the year	39 013	39 860
Tax on group contributions	0	-6 723
Tax paid this year	-157	-495
Corrections from previous years	0	1 931
Tax on group contribution	6 044	4 138
Tax payable in the balance sheet	44 899	38 711
Temporary differences linked to:	31.12.2015	31.12.2014
Non-current assets	32 015	23 739
Current assets	-4 002	-4 964
Liabilities	-30 351	-19 214
Total temporary differences	-2 338	-439
Differences not offset	20 851	19 093
Basis for deferred tax	18 513	18 654
Deferred tax/ Deferred tax assets	4 628	5 037

Excluded differences are write-downs on receivables from subsidiaries. They are not included in the basis for deferred tax assets, since it is uncertain whether or not the differences will be reversed; and if so, when.

NOTE 15 Shareholder's equity

(Figures in NOK 1 000)	Share capital	Other eqt deposits	Premium reserve	Other equity	Total
Equity 01.01.2014	36 827	386 321	1 983	791 684	1 216 815
Profit for the year				203 087	203 087
Acturial loss defined benefit plans				608	608
Change deferred tax pensions				-164	-164
Allocated dividend				-147 307	-147 307
Equity 01.01.2015	36 827	386 321	1 983	847 908	1 273 038
Profit for the year				182 963	182 963
Dividend repaid				2	2
Allocated dividend				-147 307	-147 307
Equity 31.12.2015	36 827	386 321	1 983	883 566	1 308 696

NOTE 16 Cash and cash equivalents as at 31.12

The Company has the following cash reserves and drawing rights:

(Tall i NOK 1 000)	2015	2014
Cash and bank deposits	9 362	3 012

In the statement of cash flow, only cash and bank deposits are recognised as cash and cash equivalents. NOK 2,851,000 of the company's bank deposits are restricted to the payment of tax deductions (2014: NOK 3,012,000).

The company operates a group account scheme which includes the Norwegian subsidiaries except IMG. Debt to credit institutions in the balance sheet also includes the subsidiaries' deposits into and withdrawals from the group account scheme, since it is only the parent company which, legally speaking, has outstanding balances with the bank.

The parent company has made arrangements with its primary banking service provider with respect to credit facilities. See Note 12 for further details.

NOTE 17 Share capital and shareholders

All shares in Ekornes ASA are A-shares. A total of 8 200 551 shares (7 198 000) in Ekornes ASA were traded on the Oslo Stock exchange in 2015 (2014).

	2015
Total number of shares in Ekornes ASA, 31.12.2015	36 826 753
Face value	NOK 1,-
Book value at 31.12.2015	36 826 753
Number of shareholders as at 31.12.2015	2 405
Norwegian	2 225
Non-Norwegian	180

No. of shares owned by senior executives and members of the board as at 31 December 2015

Shareholders	Function	Number of shares
Stian Ekornes	Board member	110 448
Lars I.Røri	Board member	2 300
Tone H.Hanken	Board member	1 084
Trine-Marie Hagen	CFO	700
Runar Haugen	Group Marketing Director	300
Ola Arne Ramstad	Production Director Stressless®	525
Lars Witterman	Supply Chain	1 001
Olav Holst-Dyrnes	CEO	2 000

The 20 largest shareholders as at 31.12.2015

Shareholders	Country	No. of shares held	Percentage
NORDSTJERNAN AB	SWE	6 359 652	17,27 %
FOLKETRYGDFONDET	NOR	3 871 183	10,51 %
ODIN NORGE	NOR	1 690 862	4,59 %
PARETO AKSJE NORGE	NOR	1 629 133	4,42 %
NORDEA NORDIC SMALL CAP FUND	FIN	1 486 158	4,04 %
UNHJEM BERIT VIGDIS EKORNES	NOR	1 080 331	2,93 %
MERTENS GUNNHILD EKORNES JPMBSA RE GUNNHILD EKORNES MERTEN	NOR	1 075 050	2,92 %
J.P. MORGAN CHASE BANK N.A. LONDON NORDEA RE:NON-TREATY ACCOUNT	GBR	1 062 536	2,89 %
RBC INVESTOR SERVICES BANK S. A	LUX	890 774	2,42 %
J.P. MORGAN CHASE BA, SPECIAL TREATY LENDING	GBR	727 860	1,98 %
SKANDINAVISKA ENSKILDA BANKEN AB	SWE	700 000	1,90 %
NILS GUNNAR HJELLEGJERDE	THA	566 000	1,54 %
STATE STREET BANK A/C CLIENT OMNIBUS F	USA	564 990	1,53 %
TORILL ANNE EKORNES	NOR	523 897	1,42 %
CLEARSTREAM BANKING S.A.	LUX	443 145	1,20 %
VPF NORDEA KAPITAL	NOR	443 000	1,20 %
THE NORTHERN TRUST CO.	GBR	425 150	1,15 %
KJETIL EKORNES	NOR	394 959	1,07 %
VJ INVEST AS	NOR	386 016	1,05 %
CITIBANK, N.A.	USA	348 840	0,95 %
Total		24 669 536	66,99 %



DECLARATION BY THE BOARD OF DIRECTORS AND CEO

The board of directors and CEO have this day reviewed and approved the board report and year-end financial statements for Ekornes ASA, the Group and parent company, for the calendar year 2015 and as at 31 December 2015 (2015 annual report). The consolidated financial statements have been prepared in accordance with EU-approved IFRSs and associated statements of interpretations, as well as the additional Norwegian requirements with respect to disclosure set out in the Norwegian Accounting Act and applicable as at 31 December 2015. The year-end financial statements for the parent company have been prepared in accordance with the Norwegian Accounting Act and generally accepted accounting practice in Norway (NGAAP) as at 31 December 2015. The board report, including the statements relating to corporate governance and corporate social responsibility, for the Group and parent company complies with the provisions of the Norwegian Accounting Act and Norwegian Accounting Standard No. 16 as at 31 December 2015.

We hereby affirm that to the best of our knowledge:

- the 2015 year-end financial statements for the Group and parent company have been prepared in accordance with applicable accounting standards.
- the information contained in the financial statements provides a true and fair picture of the Group and parent company's assets, liabilities and financial position and results as a whole as at 31 December 2015.
- the board report for the Group and parent company provides a true and fair overview of:
 - the Group and parent company's business development, financial results and position.
 - the most important risk factors and uncertainties facing the Group and parent company.

Ikornnes, 31 December 2015/11 April 2016

The Board of Directors of Ekornes ASA

Kjersti Kleven
Chair

Jarle Roth
Vice-Chair

Nora Förisdal Larssen

Stian Ekornes

Lars I. Røiri

Sveinung Utgård

Tone Helen Hanken

Atle Berntzen

Olav Holst-Dyrnes
CEO



**KPMG AS**

P.O. Box 7000 Majorstuen
Sørkedalsveien 6
N-0306 Oslo

Telephone +47 04063
Fax +47 22 60 96 01
Internet www.kpmg.no
Enterprise 935 174 627 MVA

To the Annual Shareholders' Meeting of Ekornes ASA

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of Ekornes ASA, which comprise the financial statements of the parent company Ekornes ASA and the consolidated financial statements of Ekornes ASA and its subsidiaries. The parent company's financial statements comprise the balance sheet as at 31 December 2015, the income statement and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information. The consolidated financial statements comprise the balance sheet as at 31 December 2015, and the income statement and the statement of other comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

The Board of Directors and the Managing Director's Responsibility for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of the parent company financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway and for the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion

Offices in:

Oslo	Grimstad	Molde	Trondheim
Alta	Hamar	Narvik	Tynset
Arendal	Haugesund	Sandnessjøen	Tønsberg
Bergen	Knarvik	Stavanger	Ålesund
Bodø	Kristiansand	Stord	
Elverum	Larvik	Straume	
Finnsnes	Mo i Rana	Tromsø	

KPMG AS, a Norwegian limited liability company and member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Statsautoriserte revisorer - medlemmer av Den norske Revisorforening


Independent auditor's report 2015

Ekornes ASA

on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion on the separate financial statements

In our opinion, the parent company's financial statements are prepared in accordance with the law and regulations and give a true and fair view of the financial position of Ekornes ASA as at 31 December 2015, and of its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Opinion on the consolidated financial statements

In our opinion, the consolidated financial statements are prepared in accordance with the law and regulations and give a true and fair view of the financial position of Ekornes ASA and its subsidiaries as at 31 December 2015, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Report on Other Legal and Regulatory Requirements
Opinion on the Board of Directors' report and the statements on Corporate Governance and Corporate Social Responsibility

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report and in the statements on Corporate Governance and Corporate Social Responsibility concerning the financial statements, the going concern assumption and the proposal for the allocation of the profit is consistent with the financial statements and complies with the law and regulations.

Opinion on Accounting Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, «Assurance Engagements Other than Audits or Reviews of Historical Financial Information», it is our opinion that the management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Oslo, 11 April 2016
KPMG AS

Gunnar Sotnakk
State Authorized public Accountant

[Translation has been made for information purposes only]

HISTORY

- 1934** Production started at the J.E. Ekornes Fjærfabrikk in 1934, with three employees and German machinery. The Sunnmøre furniture industry had just started up and it was here that the founder, Jens E. Ekornes, found his first customers.
- 1937** The first Svane® mattresses were launched in three versions – Eva, Ideal and Rekord.
- 1948** The Swingbed was, for a time, one of Norway's best-selling beds. The "amazing sofa bed" was launched. Jens E. Ekornes supplies mattress springs to customers on the opposite side of the fjord.
- 1955** Mattress production is expanded.
- 1959** J.E. Ekornes Fabrikker AS begins production of foam rubber. This forms a very important part of the manufacturing process of Ekornes' own mattresses and furniture, although foam rubber is also produced for sale to other furniture manufacturers.
- 1963** The Combina series was launched in Germany, creating awareness of the potential in the German market. The Combina series, which had been developed three years earlier, became a solid success.
- 1966** Ekornes was the first furniture manufacturer in Norway to begin distributing product information to every household in Norway, known as "Svane® Information". Its success was followed up with annual direct mail from Ekornes for many years.
- 1971** The first Stressless® chairs were launched in the Norwegian market.
- 1972** Ekornes multiplied its production during the decade, thanks to the incorporation of, and collaboration with, other furniture manufacturers.
- 1975** Ekornes' Group turnover exceeds NOK 100 million.
- 1980** The Stressless® series' turnover exceeds NOK 100 million. Stressless® is introduced with a wooden base.
- 1983** Export exceeds NOK 100 million, and Stressless® no. 500,000 is produced. Conditions are now right to establish the sales company Ekornes Ltd. in England. The company's progress in the export market attracts attention, and Ekornes is awarded the 1983 Export Award.
- 1991** The Plus™ system is developed, patented and introduced on the Stressless® models.
- 1993** The DuoSystem® is launched. Customers can choose between a firmer or softer mattress simply by turning over the mattress – a competitive advantage unique to the Svane® mattress.
- 1995** Ekornes is listed on Oslo Stock Exchange.
- 1996** Ekornes takes over operation of Utgård Mestermøbler AS, Hareid. Ekornes Hareid AS is established on 25 April 1996, and is owned by Ekornes ASA.
- 1997** Ekornes acquires the company AS Vestlandske Møbler in Sykkylven. Ekornes passes NOK 1 billion in sales revenues.



1930s



1940s



1950s



1960s

- 2000** Construction starts on Ekornes' new Stressless® factory. The factory will provide increased capacity for further growth.
- 2001** Ekornes introduces a wider product range in the international markets. There are now 1,500 Ekornes® studios worldwide. Stressless® breaks the 1,000 unit production per day barrier. Ekornes opens new showrooms in Ålesund, at the Ekornes Bua.
- 2002** New Stressless® logo introduced.
- 2003** Sales revenues pass NOK 2 billion. Ekornes acquires the company Johan P. Tynes AS, which has been a supplier to Ekornes for many years.
- 2004** Launch of the Svane® Zenit mattress with IntelliGel®. Official opening of the new Stressless® plant in Sykkylven, 25 March 2004. Trade press names Ekornes "Industrial Company of the Year". Market survey shows that 36 million people in Europe and the USA recognise the Stressless® brand name..
- 2005** Ekornes is mentioned in Report No. 25 to the Storting on regional policy. Ekornes is pointed to as an example of Norwegian competence, technology and design succeeding in export markets.
- 2006** Ekornes establishes a presence in Singapore and Shanghai. Ekornes' Svane® mattresses are the first Norwegian mattresses on the consumer market to receive environmental certification, and the new Stressless® Jazz premieres in November.
- 2007** Construction of an extension of 4,600 Sqm. begins at Tynes in Sykkylven. A new deep-water wharf came into operation at the company's main facilities in Ikornnes. The wharf is 81 meter long, covers around 2,000 Sqm. and has room for some 80 containers.
- 2008** Ekornes sells trademark rights to Sacco®. Stressless® Jazz won the Norwegian Award for Design Excellence. Production starts at the upgraded and extended plant at Tynes in Sykkylven. Jens Petter Ekornes, former Managing Director, board member and CEO, passed away on 22 June 2008, after battling a long-term lung disease.
- 2009** On 8 January Ekornes decides to close its sofa factory at Stranda. Production of fixed-back sofas is transferred to Hareid. The Ekornes Group celebrates its 75th anniversary. The jubilee was marked by an open air concert in Sykkylven centre, and a jubilee book "Fra springfjær til Stressless™" (From Mattress Springs to Stressless™) by the historian Eldar Høidal. On 1 July 2009, a planned change of management took place in Ekornes, when Nils-Fredrik Drabløs handed the rudder to Øvind Tørle. Nils-Fredrik Drabløs had requested to be relieved of his role. Ekornes aims to operate its business with an expressed corporate social responsibility and has therefore joined the UN Global Compact. At the Ålesund autumn exhibition, Ekornes launched its new enhanced sitting comfort system, the ErgoAdapt™.

(Continued on next page)



1970s



1980s



1990s



2000s

HISTORY (continued)

2010 Merger between J.E. Ekornes AS and Ekornes Møbler AS. Olav Kjell Holtan wins Norway's Chairperson of the Year award for 2010. Ekornes was a double prizewinner when the British interior design magazine, Interiors Monthly, announced its annual industry awards. Ekornes won the "Best Overseas Furniture Manufacturer" award and the award for "Best Marketing Support". Ekornes won its third Stockman Prize, in the category for small to medium-sized companies. Over 90 per cent of the Norwegian population recognises the Svane® and Stressless® brand names. According to a recent market survey carried out by Synovate on behalf of Ekornes, the three brands Ekornes®, Stressless® and Svane® are the most wellrecognised of all furniture manufacturers.

2011 In 2011, the world's most famous furniture brand celebrates its 40th anniversary. Since its introduction in 1971 more than 6.5 million Stressless® seat units have been sold, and Stressless® has been registered as a trade mark in more than 60 countries. Around 2,500 distributors sell Stressless® products around the globe. In March, Ekornes starts using the world's first robot capable of sewing elastic materials. Ekornes ASA purchases the factory premises at Hareid, which had been leased since Ekornes took over the plant in 1996. In the autumn of 2011, J.E. Ekornes AS establishes sofa manufacturing facilities in the USA. J.E. Ekornes USA Inc., located in Morganton, North Carolina.

For the third year running, Ekornes UK wins the British interior design magazine Interiors Monthly's award for "Best Marketing Support".

In Japan, Ekornes receives a gold medal for its home-cinema furniture in the Visual Grand Prix 2011. The VGP is a highly respected award in Japan, and is given to audio-visual products that stand out in their individual categories. Ekornes Asia is one of around 50 companies selected for inclusion in the 2011 edition of Hong Kong's Most Valuable Companies. In its review, the editors accord Ekornes the accolade "the Wellness Champion".

2012 The Svane® mattress brand celebrates its 75th anniversary. Svane® was the Norwegian furniture industry's first brand name.

Øyvind Tørleén steps down as the company's CEO. His decision was prompted by differences regarding the Group's future strategy. Nils-Fredrik Drabløs is appointed acting CEO with effect from 3 December.

Stressless® Office is launched.

Ekornes becomes Norway's most highly automated company, with the installation of industrial robot no. 100. Ekornes has 10 per cent of all the industrial robots in existence in Norway..

2013 The Stressless® City and Stressless® Metro are launched. These models have a completely new design, with steel/aluminium bases.

Ekornes introduces a new HSE and quality management system called TQM Enterprise.

For the fifth year running Ekornes UK wins the 'Best Marketing Support' award in 2013. It is also named 'Best Recliner Manufacturer'.



2010



2011



2012



2013

2014 Board Chair Olav Kjell Holtan dies suddenly on 4 March while on a business trip for Ekornes. Holtan had chaired Ekornes ASA's board of directors since 1990. At the AGM Kjersti Kleven is elected as the new Board Chair.

Olav Holst-Dyrnes is appointed as the new CEO at Ekornes.

Ekornes acquires the furniture producer IMG.

Stressless® launches a host of new products in the autumn of 2014. Among the innovations is the BalanceAdapt™ system, which allows the chair's back and seat to adjust automatically as the user's position changes, and an entirely new collection named the Stressless® YOU. Svane® launches the Svane® 630™ collection.

Production of Stressless® chairs is featured in an episode of the programme "How Do They Do It?", which is broadcast on the Discovery Channel and the Science Channel.

2015 Ekornes receives a further NOK 10 million research grant to continue its project to automate sewing operations and use the robots in its production of Stressless® seat covers. During the year a sewing robot goes into operation at Ekornes. The robot stitches fibre backing panels to leather/fabric upholstery pieces.

Ekornes China is established in April. The aim of the company is to build up a distribution network for Stressless® products in China.

The website www.ekornes.com receives a Gold ADDY award and wins the "Best Interactive" category at the American Advertising Awards in Knoxville, Tennessee. Three new presentation films win silver in the interactive category.

Ekornes receives the NFA Award for 2014. The award is presented by the Norwegian Society of Automatic Control to honour individuals, companies or institutions that promote the use of automation and recruitment to the sector, as well as highlight its importance for society and individuals.

Ekornes is voted "Brand-Builder of the Year 2015". The award was presented at the Furniture and Interiors Conference in Oslo.

Ekornes ASA won the "Best Website" award in the listed company category at the annual Farmand Awards in Norway.

A dedicated website for the Stressless® YOU collection is launched.

In August Ekornes implements a cost-cutting programme. The programme aims to cut the Group's running costs by NOK 150 million by the end of 2016.

At its annual furniture fair for Scandinavian distributors Ekornes unveils a substantially expanded product range, with more flexibility and greater freedom of choice in the collection. At the same time, a large number of new models are launched. Among the innovations is an integrated footrest called LegComfort™. The main Stressless® collection is split into two equal, but separate collections.



2014



2014



2015



*Ekornes shall be Europe's leading furniture producers
and be renowned for its quality in all areas.*

EKORNES®

EKORNES ASA,
Industrivegen 1, NO-6222 Ikkornnes, Norway
E-mail: office@ekornes.no, www.ekornes.com
Tel. +47 70 25 52 00, Fax +47 70 25 53 00
Ent.reg.no. NO 964 976 430 VAT