

*Ekornes QM Holding Group
Financial statements for
the first quarter 2021*



HIGHLIGHTS

FIRST QUARTER HIGHLIGHTS

- Continued strong demand for home furnishing in all markets, especially in North America and South-Europe, drove Ekornes first quarter revenues and order reserve to record levels
- First quarter operating revenue up 18% to NOK 1 044 million. Strong sales in all segments drove underlying sales revenue from Stressless® up 9% to NOK 744 million, IMG revenue up 54% to NOK 219 million and Svane® revenue up 32% to NOK 80 million
- EBIT for the first quarter was NOK 162 million (0.4), driven by higher sales, increased capacity and capacity utilization, stringent cost control and positive currency effects
- Operating cash flow negative at NOK 16 million (+73) due to significant working capital increase related to productional ramp-up and securing raw materials in a pressured supply situation
- First quarter order receipts up 27% to NOK 1 203 million, order reserve at the end of quarter up 138% to all-time high NOK 1 021 million
- Meeting strong customer demand, while safeguarding people, operations, partnerships and financial flexibility remains key in a continued uncertain world

HIGH RESULTS AFTER STRONG QUARTER IN ALL MARKETS

The strong increase in demand and order receipts seen during the second half of 2020 continued in the first quarter 2021, boosting Ekornes' revenues and driving results to record high levels. Order receipts increased 27% from a strong first quarter of 2020, and by the end of the period the overall order reserve for the Ekornes group surpassed NOK 1 billion.

For Stressless® and IMG the development was good in all markets, with the high demand supported by the companies' good availability of relevant products with short delivery times.

Svane® benefits from "home nesting" driving demand, however, exposure to markets with extensive lockdowns, combined with aggressive competition, had negative impact on earnings.

In an environment with significant changes in market conditions, Ekornes' priority has been to ensure production and the ability to serve markets and end customers with relevant products. To meet the higher demand both Stressless® and IMG have undertaken comprehensive capacity expansions, and Group production capacity has been increased by some 40% over the last 12 months. The significant operational changes have been a challenge for the organization, but again, the employees of Ekornes have proven their ability and willingness to rapidly adapt to changes in market conditions.

Access to components and ability to deliver final products has been key for Ekornes' strong performance during the quarter. When markets shut down in the second quarter 2020, Ekornes maintained production and built inventories. At the same time, the company established alternative sources to secure continuous access to crucial components. When markets rebounded, Ekornes was in position to meet demand, and had the necessary value chain infrastructure to make capacity expansion possible.

In the somewhat longer term, as vaccines are distributed, recent months' high demand driven by the "cocooning" and "home nesting" effects from the Covid-19 is expected to subside as consumers slowly move back to "normalized" consumer patterns, spending discretionary income on travel and entertainment.



KEY FIGURES

		Q1 2021	Q1 2020	Q4 2020	Y 2020
Gross operating revenue	MNOK	1 043,8	883,8	1 121,2	3 481,7
Stressless®	MNOK	744,5	680,5	810,3	2 539,1
IMG	MNOK	219,1	142,6	220,2	671,7
Svane®	MNOK	80,3	60,7	90,7	270,9
Gross operating earnings (EBITDA)	MNOK	236,0	74,4	276,9	666,6
Operating earnings (EBIT)	MNOK	162,1	0,4	195,6	363,4
Operating margin (EBIT)	%	15,5 %	0,0 %	17,4%	10,4%
Earnings before tax (EBT)	MNOK	111,0	16,0	126,8	178,1
Net earnings	MNOK	89,0	12,3	106,1	142,4
Net interest-bearing Debt (NIBD)	MNOK	2 111 ,4	2 139,1	2 046,7	2 046,7
Cash and Bank deposits end of period	MNOK	392,4	344,21	454,6	454,6

FIRST QUARTER 2021 FINANCIAL REVIEW

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

Operating revenue was NOK 1 044 million in the first quarter 2021 (884). The increase relates to higher sales in all segments, driven by higher consumer spending on household and furnishing during the Covid-19 period, combined with the successful launch of new products, fueled by Ekornes' ability to support customers with timely delivery of products.

Underlying sales revenue from the Stressless® segment was NOK 745 million (681). Revenue from IMG was NOK 219 million (143), while revenue from Svane® amounted to NOK 80 million (61).

Costs of goods sold amounted to NOK 264 million (224) during the quarter. Payroll expenses amounted to NOK 299 million (267), driven by higher activity and increased capacity within all segments. Other operating expenses amounted to NOK 260 million, compared with NOK 233 million in Q1 2020. The increase is due to higher activity in Product Development, ICT and to some extent higher guarantee costs due to an increasing share of motorized products.

Operating earnings (EBIT) for the first quarter 2021 came in at NOK 162 million (0.4), corresponding to an EBIT-margin of 15.5% (0%). Compared to the previous quarter, the EBIT margin was down 1.9%-points. The fourth quarter is seasonally the strongest quarter for Ekornes. The improvement in earnings was due to stronger sales and improved efficiency through increased production and higher capacity utilization. With a relatively high share of fixed costs, particularly in Stressless® production, profitability increases with higher volumes. In addition, operating earnings were also positively impacted by currency effects.

Net other gains amounted to NOK 15 million in the quarter (-85), mainly due to a stronger NOK compared to leading currencies. Ekornes revenues are mainly denominated in EUR and USD, while costs are mainly in NOK.

Net financial items for the first quarter 2021 were negative NOK 51 million, mainly related to financial expenses of NOK 47 million. In the first quarter 2020, net financial items were positive at NOK 16 million, due to net gains on foreign exchange of NOK 66 million and financial expenses of NOK 56 million.

Earnings before tax for the quarter came in at NOK 111 million (16). Tax expenses were NOK 22 million (4), which gave a net profit for the quarter of NOK 89 million (12).

ORDER RECEIPTS AND ORDER RESERVE

		Q1 2021	Q1 2020	Q4 2020	Y 2020	CHANGE YTD 2021 / YTD 2020
Order receipts	MNOK	1 202,6	949,5	1 173,2	4 014,0	27 %
Order reserve	MNOK	1 020,9	428,5	874,3	874,3	138 %

Order receipts in the first quarter 2021 amounted to NOK 1 203 million, up from NOK 950 million in the corresponding quarter in 2020. Order receipts in the previous quarter amounted to NOK 1 173 million.

As at 31 March 2021, Ekornes' combined order reserve was a record high NOK 1 021 million, up from NOK 874 million at the end of fourth quarter 2020. The order reserve at the end of first quarter 2020 was 429 million

BALANCE SHEET

		31.3.2021	30.9.2020	31.12.2020
Working capital*	MNOK	1 178,6	939,4	990,5
Bank deposits	MNOK	392,4	422,0	454,6
Total assets	MNOK	7 804,5	7 704,2	7 748,2
Interest-bearing loans	MNOK	2 503,8	2 502,5	2 501,3
Total liabilities	MNOK	4 168,9	4 134,1	4 178,7
Equity	MNOK	3 635,6	3 570,1	3 569,5
Equity ratio	%	46,6 %	46,3%	46,1%
Value of forward contracts	MNOK	31,0	-11,3	22,7
Net interest-bearing Debt (NIBD)	MNOK	2 111,4	2 080,5	2 046,7

* Working capital = trade receivables + inventory – trade payables

As at 31 March 2021, Ekornes had total assets of NOK 7 805 million, compared with NOK 7 748 million three months earlier. The increase is mainly driven by inventories and trade receivables.

Total equity was NOK 3 636 million, corresponding to an equity ratio of 47%, compared with NOK 3 570 million and 46% at the end of the previous quarter. Total interest-bearing debt at the end of the period amounted to NOK 2 504 million (2 501).

In April 2019, Ekornes QM Holding AS issued a NOK 2.0 billion bond to refinance the Group. The bond was listed on Oslo Stock Exchange on 10 July under the name "Ekornes QM Holding AS 19/23 FRN FLOOR C" with the ticker: EKO01.

In addition to the bond, the Group has a long-term borrowing agreement with DNB. The loan is unsecured with no instalments until maturity in September 2022. Ekornes also has short-term credit facilities with DNB and Sparebanken Møre of NOK 500 million and NOK 250 million respectively, of which NOK 750 million were available at 31 March 2021.

Financial covenants

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

In 2020, Ekornes experienced a significant impact on operations from March to May due to the lockdowns from the Covid-19 pandemic. During this period, Ekornes performed stress tests on key financial indicators with satisfactory results. However, with the outlook for a negative impact on earnings being substantial short to mid-term and the risk of a covenant breach in the bond agreement, Ekornes entered an agreement with bondholders for amendments to covenants. However, due to the significant rebound during the second half of 2020 and the first quarter of 2021, Ekornes' financial position at 31 March 2021 was solid. The bond agreement also includes restrictions on dividend payments from Ekornes QM Holding AS, and Ekornes QM Holding AS is not in position to distribute any dividends.

During the first quarter of 2021 and at 31 March 2021, Ekornes was compliant with all covenant requirements in the bond agreement. The leverage ratio at the end of the first quarter 2021 was 3.53 well within prevailing requirements.

CASH FLOW

		Q1 2021	Q1 2020	Q4 2020	Y 2020
Net cash flow from operating activities	MNOK	-16,5	73,3	96,6	290,5
Net cash flow from investing activities	MNOK	-31,9	-20,9	-27,7	-77,7
Net cash flow from financing activities	MNOK	-16,2	-19,9	-29,9	-71,0
Net change in cash & cash equivalents	MNOK	-64,6	32,4	38,9	141,8
Cash & cash equivalents at the start of the period	MNOK	454,6	312,8	422,0	312,8
Effect of exchange gains / (losses) on cash and cash equivalents	MNOK	2,4	-1,0	-6,3	0,0
Cash & cash equivalents at the close of the period	MNOK	392,4	344,2	454,6	454,6

Net cash flow from operating activities in the first quarter 2021 was negative NOK 17 million (73), mainly due to increased working capital. Inventories and trade receivables increased by NOK 91 and NOK 62 million respectively during the quarter, while trade payables decreased by NOK 35 million.

Net cash flow from investing activities was NOK -32 million in the quarter (-21), all related to ongoing investments in day-to-day operations. To ensure liquidity and financial solidity, Ekornes reduced investments to a minimum at the onset of Covid-19. Following the recent recovery in demand, maintenance investments have returned to normal levels.

Net cash flow from the financing activities was NOK -16 million in the quarter (-20), mainly related to payments of lease liabilities.

Net change in cash and cash equivalents was negative by NOK 65 million during the quarter and as at 31 March 2021 total holdings of cash and cash equivalents amounted to NOK 392 million, up from NOK 344 million 12 months earlier and down from NOK 455 million at the end of the fourth quarter 2020.

SEGMENTS

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



Stressless®

		Q1 2021	Q1 2020	Q4 2020	Y 2020
Gross operating revenue	MNOK	744,5	680,5	810,3	2 539,1
Gross operating earnings (EBITDA)	MNOK	182,7	42,1	219,6	502,1
Operating earnings (EBIT)	MNOK	129,3	-13,4	159,6	276,1
Operating margin (EBIT)		17,4%	-2,0%	19,7%	10,9%

Entering the year of its 50th anniversary, Stressless® experienced a strong development in all markets during the first quarter, with North America leading the way. Total revenues ended at NOK 745 million during the quarter, up 9% from a relatively strong first quarter of 2020. However, the development varied significantly from market to market, due to variations in lockdowns throughout the quarter.

Key to Stressless® strong performance is the company's ability to timely deliver relevant products to customers. As markets came to a complete stop during the early phase of the pandemic, Stressless® maintained production for inventory. Further, actions taken to secure deliveries of raw materials and components, also included initiatives to expand capacity, providing Stressless® with flexibility to adjust operational activity to swift changes in market conditions. When markets rebounded, Stressless® was well positioned to support customers, and even able to meet increasing demand through capacity expansions. During the quarter Stressless® produced on average 1 553 seats per day, and total production capacity by the end of the period had increased by between 20% to 30% year-on-year.

Operating earnings (EBIT) for the quarter ended at NOK 129 million (-13), corresponding to an operating margin of 17.4% (-2.0%). The solid margin in the first quarter 2021 relates to increased sales and higher operational efficiency, particularly due to better capacity utilization, while performance in the first quarter 2020 was impacted by an unrealized loss of NOK 75 million related to forward currency contracts.

Stressless® has over time focused on improving commercial conditions through product development and innovation. Stressless® has introduced a broad range of motorized products, all well received in the market. This, combined with continued "cocooning" and "home nesting" effects, increased sales of Stressless® products substantially during the quarter, and order receipts increased some 40% compared with the first quarter 2020.

Market developments for Stressless® in North America were strong during the quarter, with solid sales and all-time high order receipts, with power sofas being the primary product winner. Order receipts during the quarter almost doubled from the first quarter 2020.

The fall introduction of extensions to the new motorized sofas have been well received and the company is preparing new launches in months to come. Although the roll-out of Stressless® relaxers had a slow start, it has picked up pace, and the new models are now doing well. The first national campaign featuring these chairs will take place in the second quarter.

Covid-19 is still top of mind to most North American consumers. In Canada, regional shutdowns have slowed down some orders. In the US, while many states are in different stages of lifting restrictions, the "nesting" effect is still heavily in place. As the re-opening efforts expand, and other outlets for disposable income become safer and more readily available, a shift towards normal discretionary spending on travel and leisure activities is expected.

In Europe, the market development has varied significantly. Although Southern Europe benefitted from limited lockdowns and strong retail sales, combined with a successful introduction of new products, the development in other key European markets was impacted by heavy restrictions and lockdowns, relying on e-commerce and telephone orders. Whilst these markets have virtually presented new products, they have not seen the uptake required, so new efforts will be made in the second quarter.

The Nordic market had a strong first quarter. Although impacted by Covid-19, consumers are "home nesting", renovating houses and cottages, and demand is strong for armchairs, sofas and dining furniture. New launches and campaigns during the quarter have given positive results. Total orders received from the European markets, including the Nordic, during the first quarter were in line with the first quarter 2020.

Stressless® performance in Asia was solid during the quarter, with total order receipts from the region up some 80% from the corresponding period in 2020.

In Japan, the positive development in the overall furniture market continued in 2021, and results from Stressless® events were positive. The Covid-19 pandemic is still impacting markets, as selected regions have again announced “state of emergency” measures due to the fourth wave of Covid-19. However, the nation’s second “state of emergency” had less impact on the economy due to its targeted restrictions and shopping appeared to strengthen throughout the quarter.

With all states open during the first quarter, the development in the Australian market was strong with order receipts up 130% from the first quarter 2020.

Growth in the Chinese market has picked up significantly, though from low levels. Stressless® distribution strategy is to establish major hubs in key areas with connected satellites to cover adjacent areas. The roll-out has taken somewhat longer than expected. However, order receipts during the quarter doubled from last year, indicating that things are moving in the right direction.



IMG

		Q1 2021	Q1 2020	Q4 2020	Y 2020
Gross operating revenue	MNOK	219,1	142,6	220,2	671,7
Gross operating earnings (EBITDA)	MNOK	50,4	27,4	51,4	149,9
Operating earnings (EBIT)	MNOK	30,7	10,1	31,0	75,4
Operating margin (EBIT)		14,0%	7,1%	14,1%	11,2%

The first quarter of 2021 saw record results for IMG as the strength in the home furnishing market continued across all major markets despite restrictions on trade that have sporadically been in place in several countries due to Covid-19. Performance during the quarter was further boosted by solid new customer development in all regions, with North America especially strong.

Operating revenue during the quarter ended at NOK 219 million, an increase of 54% compared to the same period in 2020. As the comparable period was not significantly impacted by Covid-19 from an invoicing point of view, the growth seen in 2021 is particularly pleasing. Growth in operating revenue was seen across all regions. Nordics and APAC saw the strongest growth in relative terms, while the US market remained the main driver in absolute terms. Order receipts in the US market during the first quarter more than doubled compared with a relatively strong first quarter 2020. Total revenues amounted to NOK 219 million during the period, matching the revenues in the fourth quarter of 2020, which traditionally is IMG's strongest on a yearly basis.

Addressing the continuously increasing demand, IMG has expanded its production facilities. The company's facility in Lithuania is running well and increasing output, timely serving the European market with relevant products. During the last 12 months, the company has expanded its production facilities in Thailand, and IMG's total production capacity by the end of the quarter is more than doubled from 12 months ago.

The operating result for the first quarter 2021 stood at NOK 31 million, corresponding to an EBIT margin of 14%. This was up from NOK 10 million and 7% in the corresponding quarter last year. The result was impacted by the sharp rise in logistics costs relating to both the transport of raw materials and the shipment of finished goods. Appropriate action has been taken to mitigate these higher costs at the market level. The strong order receipts seen during the second half of 2020 continued into 2021 and order receipts for the period stood at NOK 245 million, an increase of 72% from the first quarter 2020. As with revenue all regions contributed strongly with North America being the standout. Orders have continued to increase quarter-to-quarter both in actual and in like-for-like terms.

The outlook remains strong for operating revenue into the next quarter as the IMG order reserve remains around all-time highs. The expectations for the remainder of 2021 are for a more challenging trading environment in anticipation of Covid-19 restrictions lifting across the globe. IMG's on-going distribution expansion strategy will remain a focus for 2021 and beyond.

Covid-19 will remain a limitation on the business in terms of supply chain performance as well as being a cost driver. As mentioned, appropriate action has been undertaken to mitigate this risk. IMG's overall performance has been above expectations in the first quarter and the near future remains promising. This position has allowed IMG to continue to focus on future development should market conditions become more difficult.





Svane®

		Q1 2021	Q1 2020	Q4 2020	Y 2020
Gross operating revenue	MNOK	80,3	60,7	90,7	270,9
Gross operating earnings (EBITDA)	MNOK	3,9	4,0	6,8	17,9
Operating earnings (EBIT)	MNOK	3,0	3,4	5,9	15,2
Operating margin (EBIT)		3,7%	5,6%	6,5%	5,6%

Svane® continues to benefit from the home nesting trend driving demand. However, exposure to markets heavily impacted by lockdowns during the quarter, combined with aggressive campaigns from competitors, has somewhat weakened Svane®'s market position during the quarter.

Despite lockdown challenges, Svane®'s new product line was well received in the market, particularly in Central Europe. In Finland, the positive development for the leading chains continued, while the development for main clients in Denmark was negative due to retail businesses being closed.

The Norwegian market was marked by significant lockdowns during the quarter, a situation expected to persist also in the second quarter, at least in the larger cities. Order reserve has come down during the quarter and may become a challenge going forward.

Operating revenue ended at NOK 80 million for the quarter, up 32% from the corresponding period in 2020. Operating earnings (EBIT) came in at NOK 3 million, unchanged from the corresponding period 2020. The lack of improvement in earnings is mainly due to the higher complexity in logistics following the Covid-19 pandemic and somewhat higher prices on components.

Svane® has close relations to its key customers, and throughout the pandemic, a broad range of initiatives to reduce the impact of the pandemic were developed in collaboration with the clients. Svane® has managed to maintain short delivery time to consumers which, combined with a relevant product portfolio, will be a strength for Svane® going forward.

However, due to the continued uncertain situation of the Covid-19 pandemic, risk for lockdowns and dealer network shutdowns remains. The risk is similarly high on the security of prices and deliveries from suppliers.



OUTLOOK

After the first wave of Covid-19 during spring 2020, the furniture market has been driven by “cocooning” and “home nesting” effects and there have been no negative long-term effects from shutdowns among Ekornes’ dealers. Ekornes’ priority has been to ensure production and the ability to serve markets and end customers with relevant products.

In the somewhat longer term, as vaccines are distributed, the recent months’ high demand driven by the “cocooning” and “home nesting” effects from the Covid-19 is expected to subside as consumers slowly move back to “normalized” consumer patterns.

However, Ekornes’ focus on the ability to deliver relevant products with short delivery times has been vital for the performance seen in recent months. Alongside continued development and introduction of new products, strengthened customer collaboration, continued penetration in underdeveloped markets, combined with recent rebuild and extension of production capacity, Ekornes is well prepared to utilize emerging market opportunities also going forward.

MANAGEMENT CHANGES

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



H & S

As at 31 March 2021, Ekornes employed a total of 3 007 people, of which about 40% were employed in Norway.

Ekornes gives high priority to the safety of its workforce and aims for zero work-related personal injuries. The Group is working actively in the areas of prevention and emergency preparedness to reduce the number of personal injuries incurred. There were 9 lost-time injuries in the first quarter 2021. This gives an H1-value for the period of 5,1 compared to 5.7 the same period the year before.

The Group had a sickness absence rate of 2,4% in the first quarter 2021, compared to 3.7% in the same quarter in 2020.

RELATED PARTIES

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

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

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

RISKS AND UNCERTAINTIES

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

Following initial outbreaks of Covid-19, Ekornes experienced a severe demand drop during the first months. However, due to the "cocooning" effect with increased consumer spending on home refurbishment and furniture, the company experienced a significant rebound during the second half of 2020 and the first three months of 2021. At the same time, with new and more contagious mutations of the Covid-19 virus emerging and vaccination rollouts delayed, Ekornes must be prepared for lower economic activity and consumer spending that may affect demand for Ekornes' products, its sales channels and other parts of the value chain. The length and scale of the Covid-19 situation remains uncertain, and thus, represents a risk of lowered activity and profitability long into 2021.

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

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

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

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

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

EVENTS AFTER THE BALANCE SHEET DATE

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

Oslo, April 27th, 2021

The board of Ekornes QM Holding AS

*Ruihai Zhao
Chair*

*Mogens Falsig
Director and CEO*



CONSOLIDATED INCOME STATEMENT

(Figures in MNOK, except per share data)	Note	Q1 2021	Q1 2020	Q4 2020	Y 2020
Gross operating revenue	2	1 043,8	883,7	1 121,2	3 481,7
<i>Cost of goods sold</i>		264,4	224,4	308,8	910,1
<i>Payroll expenses</i>		298,6	266,7	311,2	1 017,9
<i>Depreciation and write downs</i>	5	74,0	74,1	81,3	303,2
<i>Other operating expenses</i>		260,0	233,4	259,8	874,8
<i>Net other losses (gains)</i>	3	-15,3	84,7	-35,5	12,3
Total operating expenses		881,7	883,4	925,6	3 118,3
Operating earnings (EBIT)		162,1	0,4	195,6	363,4
<i>Financial income</i>		2,0	5,3	2,9	12,0
<i>Net gains (losses) on foreign exchange</i>		-6,0	66,3	-31,7	13,0
<i>Financial expenses</i>		47,1	56,0	40,0	210,3
Net financial items		-51,1	15,6	-68,8	-185,3
Earnings before tax (EBT)		111,0	16,0	126,8	178,1
<i>Calculated tax cost (Income)</i>	9	22,0	3,6	20,7	35,7
Net earnings		89,0	12,3	106,1	142,4
Earnings are attributable to:					
<i>Controlling interests</i>		77,4	7,8	93,2	114,9
<i>Non-controlling interests</i>		11,6	4,5	13,0	27,5
<i>Earnings per share</i>		2 967,2	411,6	3 537,6	4 746,0
<i>Earnings per share (diluted)</i>		2 967,2	411,6	3 537,6	4 746,0

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Figures in MNOK)	Note	Q1 2021	Q1 2020	Q4 2020	Y 2020
Net earnings		89,0	12,3	106,1	142,4
Other income and expenses:					
Items which can be reclassified to earnings and loss:					
<i>Translation differences</i>	5,9	-22,9	200,0	-106,7	-2,9
Total other income and expenses		-22,9	200,0	-106,7	-2,9
Total comprehensive income		66,1	212,4	-0,6	139,4

CONSOLIDATED BALANCE SHEETS

(Figures in MNOK)	Note	31.3.2021	31.3.2020	31.12.2020
ASSETS				
Non-current assets				
<i>Buildings and sites</i>		983,2	1 047,4	1 001,6
<i>Machinery and equipment</i>		282,1	305,8	278,7
<i>Operating movables and fixtures</i>		31,2	24,1	26,3
<i>Assets under construction</i>		15,3	16,1	19,3
<i>Right-of-use assets</i>	7	154,6	141,1	152,9
Total property, plant & equipment		1 466,4	1 534,4	1 478,8
<i>Software and licenses</i>		45,3	49,0	45,0
<i>Brand name</i>	5	1 551,3	1 592,0	1 561,5
<i>Goodwill</i>	5	1 561,1	1 561,1	1 561,1
<i>Customer relations</i>	5	1 187,8	1 451,3	1 222,0
<i>Deferred tax assets</i>		79,2	74,6	67,6
Total non-current intangible assets		4 424,7	4 728,0	4 457,2
<i>Other receivables and investments</i>		20,4	19,2	20,9
Total non-current financial assets		20,4	19,2	20,9
Total non-current assets		5 911,6	6 281,6	5 956,9
Current assets				
<i>Inventory</i>		909,0	654,6	818,1
<i>Trade receivables</i>		477,8	483,9	415,6
<i>Forward currency contracts</i>	3	31,0	0,0	22,7
<i>Other short-term receivables</i>		82,6	78,4	80,3
<i>Cash and bank deposits</i>		392,4	344,2	454,6
Total current assets		1 892,9	1 561,1	1 791,3
TOTAL ASSETS		7 804,5	7 842,7	7 748,2

CONSOLIDATED BALANCE SHEETS

(Figures in MNOK)	Note	31.3.2021	31.3.2020	31.12.2020
EQUITY AND LIABILITIES				
Equity				
Contributed equity				
<i>Share capital</i>	8	0,1	0,1	0,1
<i>Premium paid</i>		2 807,4	2 807,4	2 807,4
Total contributed equity		2 807,5	2 807,5	2 807,5
Retained earnings				
<i>Translation difference</i>		40,7	245,1	61,5
<i>Other equity</i>		278,0	93,5	200,6
Total retained earnings		318,7	338,6	262,0
<i>Owner of the company</i>		3 126,2	3 146,1	3 069,5
<i>Non-controlling interests</i>		509,4	517,5	500,0
Total equity		3 635,6	3 663,6	3 569,5
Non-current liabilities				
<i>Pension liabilities</i>		7,6	7,0	8,4
<i>Provisions</i>		3,6	5,2	3,6
<i>Deferred tax</i>	9	823,6	932,6	841,9
<i>Lease liabilities</i>	7	119,7	104,2	119,3
<i>Interest-bearing debt - Bond</i>	6	2 003,8	1 983,3	2 001,3
<i>Interest-bearing debt - Bank</i>	6	500,0	500,0	500,0
Total non-current liabilities		3 458,3	3 532,3	3 474,6
Current liabilities				
<i>Trade payables</i>		208,3	176,0	243,2
<i>Public charges payable</i>		63,6	54,3	77,4
<i>Tax payable</i>		90,3	32,4	62,7
<i>Forward currency contracts</i>	3	0,0	77,3	0,0
<i>Dividend</i>		5,1	1,3	9,2
<i>Lease liabilities</i>	7	40,8	37,2	38,9
<i>Other current liabilities</i>		302,4	268,4	272,6
Total current liabilities		710,6	646,9	704,1
Total liabilities		4 168,9	4 179,1	4 178,7
TOTAL EQUITY AND LIABILITIES		7 804,5	7 842,7	7 748,2

CONSOLIDATED STATEMENT OF CASH FLOWS

(Figures in MNOK)	Q1 2021	Q1 2020	Q4 2020	Y 2020
Cash flows from operating activities				
<i>Earnings before tax (EBT)</i>	111,0	16,0	126,8	178,1
<i>Tax paid for the period</i>	-6,9	-15,9	-17,5	-38,2
<i>Depreciation and write downs</i>	74,0	74,1	81,3	303,2
<i>Change in inventory</i>	-90,9	-79,1	-84,9	-242,7
<i>Change in trade receivables</i>	-62,2	-102,0	-31,4	-33,7
<i>Change in trade payables</i>	-35,0	22,8	65,3	90,1
<i>Change in other time limited records</i>	-6,5	157,4	-43,0	33,7
Net cash flow from operating activities	-16,5	73,3	96,6	290,5
Cash flows from investing activities				
<i>Proceeds from sale of PP&E</i>	0,7	0,8	2,0	2,7
<i>Payments for purchase of PP&E</i>	-32,6	-21,7	-29,7	-80,4
Net Cash flows from investing activities	-31,9	-20,9	-27,7	-77,7
Cash flows from financing activities				
<i>Payment of lease liabilities</i>	-12,1	-10,7	-16,7	-48,5
<i>Payment of dividend</i>	-4,1	-9,2	-13,2	-22,4
Net cash flow from financing activities	-16,2	-19,9	-29,9	-71,0
Change in net cash & cash equivalents	-64,6	32,4	38,9	141,8
<i>Effect of exchange gains / (losses) on cash and cash equivalents</i>	2,4	-1,0	-6,3	0,0
<i>Net cash & cash equivalents at the start of the period</i>	454,6	312,8	422,0	312,8
Net cash & cash equivalents at the close of the period	392,4	344,2	454,6	454,6
<i>Restricted cash at the end of the period*</i>	141,6	137,3	152,3	152,3
<i>Unrestricted cash at the end of the period</i>	250,8	206,9	302,3	302,3

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

** In April 2019, Ekornes QM Holding AS issued a stock exchange bond to refinance the Group and part of the condition is to have a minimum liquidity in Ekornes QM Holding AS of NOK 125 million. The rest of the restricted cash at 31 March 2021 are related to the payment of employee tax deductions.*

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Figures in MNOK)	Share capital	Premium paid	Translation difference	Other equity	Sum	Non-controlling interests	Total equity
Equity 31.12.2019	0,1	2 807,4	64,1	85,7	2 957,3	493,9	3 451,2
<i>Earnings for the period</i>	0,0	0,0	0,0	114,9	114,9	27,5	142,4
<i>Other comprehensive income</i>	0,0	0,0	-2,7	0,0	-2,7	-0,3	-2,9
<i>Dividend*</i>	0,0	0,0	0,0	0,0	0,0	-21,1	-21,1
Equity 31.12.2020	0,1	2 807,4	61,5	200,6	3 069,5	500,0	3 569,5
Equity 31.12.2020	0,1	2 807,4	61,5	200,6	3 069,5	500,0	3 569,5
<i>Earnings for the period</i>	0,0	0,0	0,0	77,4	77,4	11,6	89,0
<i>Other comprehensive income</i>	0,0	0,0	-20,7	0,0	-20,7	-2,2	-22,9
Equity 31.3.2021	0,1	2 807,4	40,7	278,0	3 126,2	509,4	3 635,6

*Dividend from Ekornes Holding AS

On 11 June 2020 an ordinary General Assembly was held in Ekornes Holding AS. The general meeting resolved to approve the year-end financial statements for the Company, directors' report and audit statement for 2019. The Board furthermore resolved, in accordance with the proposal of the Board, that NOK 21.1 million was distributed as a dividend to Ruisi Holding Company and a group contribution of NOK 201.4 million was distributed to Ekornes QM Holding AS.

(Figures in MNOK)		Group Contribution	Dividend	Total
<i>Ekornes QM Holding AS</i>	90,5%	201,4	0,0	201,4
<i>Ruisi Holding Company Limited</i>	9,5%	0,0	21,1	21,1
Total	100,0%	201,4	21,1	222,5

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 ACCOUNTING PRINCIPLES

The consolidated financial statements for the first quarter 2021, closed as at 31 March 2021 have been prepared in accordance with International Financial Reporting Standards (IFRS) as approved by the EU, and include Ekornes QM Holding AS and its subsidiaries.

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

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

NOTE 2 BUSINESS AREAS – SEGMENTS - MARKETS

Segments

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

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

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

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

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

(Figures in MNOK)	Q1 2021	Q1 2020	Q4 2020	Y 2020
Revenues per segment				
Stressless®	744,5	680,5	810,3	2 539,1
IMG	219,1	142,6	220,2	671,7
Svane®	80,3	60,7	90,7	270,9
Total	1 043,8	883,7	1 121,2	3 481,7
EBITDA per segment				
Stressless®	182,7	42,1	219,6	502,1
IMG	50,4	27,4	51,4	149,9
Svane®	3,9	4,0	6,8	17,9
Other/eliminations *	-0,9	1,0	-0,9	-3,3
Total	236,0	74,4	276,9	666,6
EBIT per segment				
Stressless®	129,3	-13,4	159,6	276,1
IMG	30,7	10,1	31,0	75,4
Svane®	3,0	3,4	5,9	15,2
Other/eliminations *	-0,9	0,2	-0,9	-3,3
Total	162,1	0,4	195,6	363,4
Operating revenues by market				
Norway	167,4	133,3	163,0	503,4
Other Nordic	60,2	47,3	59,1	204,3
Central Europe	206,6	191,7	191,1	640,0
Southern Europe	66,5	49,9	53,9	195,6
United Kingdom/Ireland	48,7	61,3	77,2	229,7
USA/Canada/Mexico	305,6	271,5	348,0	1 054,8
Japan	31,6	28,2	48,8	138,2
Australia	84,4	52,9	96,4	286,0
China	40,3	17,6	45,9	110,3
Other Markets	32,6	30,0	37,8	119,4
Total	1 043,8	883,7	1 121,2	3 481,7

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

NOTE 3 CURRENCY

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

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

Forward contracts

In 2020 and first quarter 2021, the Group entered into forward contracts, and all realised and unrealised gains and losses associated with these contracts are recognised in net other losses/(gains). In first quarter, these contracts resulted in a NOK 70 million in realised gain and a unrealised gain of 8,3 million. All contracts that are open as at 31 March 2021 fall due for payment in the next 12 months. As at 31 March 2021, the market value of existing forward currency contracts came to NOK 31,0 million.

(Figures in MNOK)

Total net other losses/(gains) comprises:	Q1 2021	Q1 2020
Realised losses/(gains) on new forward contracts	-7,0	9,9
Change in value of realised and unrealised contracts	8,3	-74,8
Net other losses/(gains)	-15,3	84,7

The following net foreign exchange volume was undertaken in first quarter 2021:

Currency	Volume in Currency (Million)	Average exchange rate (in NOK)
AUD	4,4	6,39
DKK	13,1	1,43
EUR	8,1	10,73
GBP	1,9	12,05
USD	4,4	9,18

NOTE 4 NO. OF EMPLOYEES

	31.3.2021	31.12.2020
Employees in Norway	1 202	1 152
Employees abroad	1 805	1 694
Total	3 007	2 846

NOTE 5 GOODWILL, CUSTOMER RELATIONS AND BRAND NAMES

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

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

(Figures in MNOK)	Brand name	Goodwill	Customer relationships	Total
Acquisition value 1.1.2021	1 656,4	1 561,1	1 302,3	4 519,8
Accumulated depreciation 31.12.2020	94,9	0	141,0	235,9
<i>The period's depreciation</i>	10,2	0	14,8	25,0
Accumulated depreciation 31.3.2021	105,1	0	155,8	260,9
Accumulated currency translation 31.12.2020	0	0	60,7	60,7
<i>Currency translation differences in Q1 2021</i>	0	0	-19,4	-19,4
Accumulated currency translation 31.3.2021	0	0	41,3	41,3
Book value 31.3.2021	1 551,3	1 561,1	1 187,8	4 300,2
Split per segment				
<i>Stressless®</i>	1 332,3	676,6	743,9	2 752,8
<i>IMG</i>	219,0	884,5	443,9	1 547,4
Book value 31.3.2021	1 551,3	1 561,1	1 187,8	4 300,2
	Brand name	Goodwill	Customer relationships	Total
Acquisition value 1.1.2020	1 656,4	1 561,1	1 302,3	4 519,8
Accumulated depreciation 31.12.2019	54,2	0	78,0	132,3
<i>The period's depreciation</i>	10,2	0	15,6	25,8
Accumulated depreciation 31.3.2020	64,4	0	93,7	158,1
Accumulated currency translation differences 31.12.2019	0	0	44,7	44,7
<i>Currency translation differences in Q1 2020</i>	0	0	197,9	197,9
Accumulated currency translation 31.3.2020	0	0	242,6	242,6
Book value 31.3.2020	1 592,0	1 561,1	1 451,3	4 604,4
Split per segment				
<i>Stressless®</i>	1 360,4	676,6	927,9	2 965,0
<i>IMG</i>	231,6	884,5	523,3	1 639,4
Book value 31.3.2020	1 592,0	1 561,1	1 451,3	4 604,4

NOTE 6 INTEREST-BEARING LOANS AND CREDIT FACILITIES

The Group regularly assesses its capital structure and risk profile.

(Figures in MNOK)

Short-term borrowing agreement 31 March 2021	Credit facility	Amount drawn	Available
DNB	500,0	0,0	500,0
Sparebank Møre	250,0	0,0	250,0
Total	750,0	0,0	750,0

Long-term borrowing agreement 31 March 2021

The Group has a long-term borrowing agreement with DNB. The loan of NOK 500 million is unsecured. No instalments are payable before maturity in September 2022. Interest expenses are paid quarterly.

Senior Secured Bond at 31 March 2021

In April 2019, Ekornes QM Holding AS issued a stock exchange bond to refinance the Group. The bond was listed on Oslo Stock Exchange 10 July under the name "Ekornes QM Holding AS 19/23 FRN FLOOR C", Ticker: EKO01. No instalments are payable before maturity in October 2023 and interest expenses are paid quarterly. NIBOR is adjusted at the end of each quarter and at 31. March 2021 the coupon was 7.5%. For second quarter 2021 the coupon is 7.38 %.

Bond	FRN Ekornes QM Holding AS Senior Secured Callable Bond Issue 2019/2023
Ticker:	EKO01
Currency	NOK
Issue Amount	2 000
NIBOR 3M	0,5% (0,38% from 2.April 2021)
Margin	7,00%
Coupon	7,5% (7,38% from 2. April 2021)
Tenor / redemption:	54 months /4,5 years
Settlement Date:	02.4.2019
Maturity Date:	02.10.2023

Financial covenants

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

In 2020, Ekornes experienced a significant impact on operations from March to May due to the lockdowns from the Covid-19 pandemic. During this period, Ekornes performed stress tests on key financial indicators with satisfactory results. However, with the outlook for a negative impact on earnings being substantial short to mid-term and the risk of a covenant breach in the bond agreement, Ekornes entered an agreement with bondholders for amendments to covenants. The following was agreed:

Leverage ratio

With effect from 30 June 2020 until and including 30 June 2021, the Leverage Ratio shall not exceed 9.00:1 (previously 5.25:1). The Leverage Ratio testing in the same period shall be suspended if the Liquidity exceeds NOK 200 million. Normal Leverage Ratio testing shall resume as at 30 September 2021.

Escrow Account

By 30 June 2020 at the latest, the Issuer shall transfer NOK 125 million (an amount equal to the Minimal Liquidity requirement, and to be included in the calculation of Liquidity) to an Escrow Account, pledged and blocked in favor of the Bond Trustee. The amount on the Escrow Account shall be released on 1 October 2021 subject to no continuing Event of Default.

Redemption of Bonds

The Outstanding Bonds will mature in full on the Maturity Date and shall be redeemed by the Issuer on the Maturity Date at a price equal to 101 (previously 100) per cent of the Nominal Amount. Adjustments of call and put options will be adjusted in line with new redemption price.

The bond agreement also includes restrictions on dividend payments from Ekornes QM Holding AS, and Ekornes QM Holding AS is not in position to distribute any dividends. During first quarter of 2021 and at 31 March 2021, the group was compliant with all covenants requirements in the bond agreement. Leverage ratio at the end of the first quarter 2021 was 3.53.

NOTE 7 LEASING

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

(Figures in MNOK)

Right of use assets	Total
Balance at 31.12.2020	152,9
Depreciations	-11,8
Additions	17,3
Disposals	-0,4
Currency exchange differences	-3,5
Balance at 31.3.2021	154,6

Lease liabilities

Maturity analysis - contractual undiscounted cash flows	
Less than one year	42,5
One to five years	97,2
More than five years	34,0
Total undiscounted lease liabilities at 31.3.2021	173,8

Lease liabilities included in the statement of financial position at 31.3.2021	160,5
Current	40,8
Non-current	119,7

NOTE 8 SHARES AND SHAREHOLDERS

As of 31 March 2021 Ekornes QM Holding AS's registered share capital comprised 30 000 ordinary shares. All shares have a face value of NOK 4.00. All shares in the company have equal voting and dividend rights. All shares give equal rights to the company's net assets.

Ekornes QM Holding AS has no treasury shares as of 31 March 2021.

As at 31 March 2021, the company's sole shareholder was

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

As at 31 March 2021, the board has been granted the following authorizations:

The board has been granted no authorizations.



EKORNES®

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