

*Ekornes QM Holding Group  
Financial statements for  
the first half-year 2021*



## HIGHLIGHTS

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### First half year and second quarter 2021 report

- Continued strong demand for home furnishing in all markets, especially in North America, lifted Ekornes' Q2 2021 revenues and order reserve to record levels
- Q2 2021 operating revenue ended at NOK 1 060 million, up 64% from Q2 2020 and up 2% from Q1 2021
- Strong sales in all segments drove underlying sales revenue from Stressless® up 70% to NOK 792 million, IMG revenue up 56% to NOK 204 million and Svane® revenue up 37% to NOK 63 million
- Q2 2021 EBIT was up 76% to NOK 132 million driven by higher sales and improved capacity utilisation
- Operating cash flow was stable at NOK 80 million driven by strong earnings, partly offset by increase in working capital
- Q2 2021 order receipts nearly doubled to NOK 1 227 million vs NOK 638 million in Q2 2020, and the order reserve increased 15% during the quarter, ending on all-time high NOK 1 174 million
- Increasing capacity to meet strong customer demand, while safeguarding operations, partnerships and financial flexibility in an uncertain world is a continued priority





## RECORD RESULTS AFTER STRONG QUARTER IN ALL MARKETS

*The strong market momentum seen during the second half of 2020 continued in 2021, driving Ekornes' sales to record high levels during the first six months of 2021. Development was strong in all markets and segments, with North America as the most important driver of growth for both Stressless® and IMG. Development in European markets has been somewhat mixed with temporary lockdowns impacting activity.*

*Throughout the pandemic, Ekornes has prioritized operational and financial flexibility. Alongside increasing demand, the company increased production capacity both for Stressless® and IMG. The number of full-time employees increased by almost 20% in 2021, and throughput increased significantly during the same period.*

*The higher production has also increased capacity utilisation, with economies of scale particularly visible for the Stressless® operations.*

*The logistic challenges arising from the pandemic have impacted availability of goods, driving costs on critical input factors, in addition to higher prices on transport services. Securing access to raw material and transportation capacity has been a key focus for Ekornes throughout the pandemic. So far, the impact has been limited, but a continuation of the current situation may impact operations going forward.*

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

*In a situation with lockdowns and challenging logistics, ability to deliver has become an increasingly important competitive advantage. During the pandemic, Ekornes has worked closely with key customers to develop solutions to secure retailers' access to merchandise. With high throughput and inventories of a broad range of products, Ekornes is well positioned to maintain deliveries of relevant products to the market.*

*With the pandemic still ongoing, the market development remains uncertain, and difficult conditions for market infrastructure and logistics will impact operations going forward. Ekornes has contingency plans to address the challenges in the short term, and combined with high operational flexibility, Ekornes is in good shape and position to adapt to changes in market conditions and to utilize emerging market opportunities.*



# COMPANY HISTORY AND OWNERSHIP

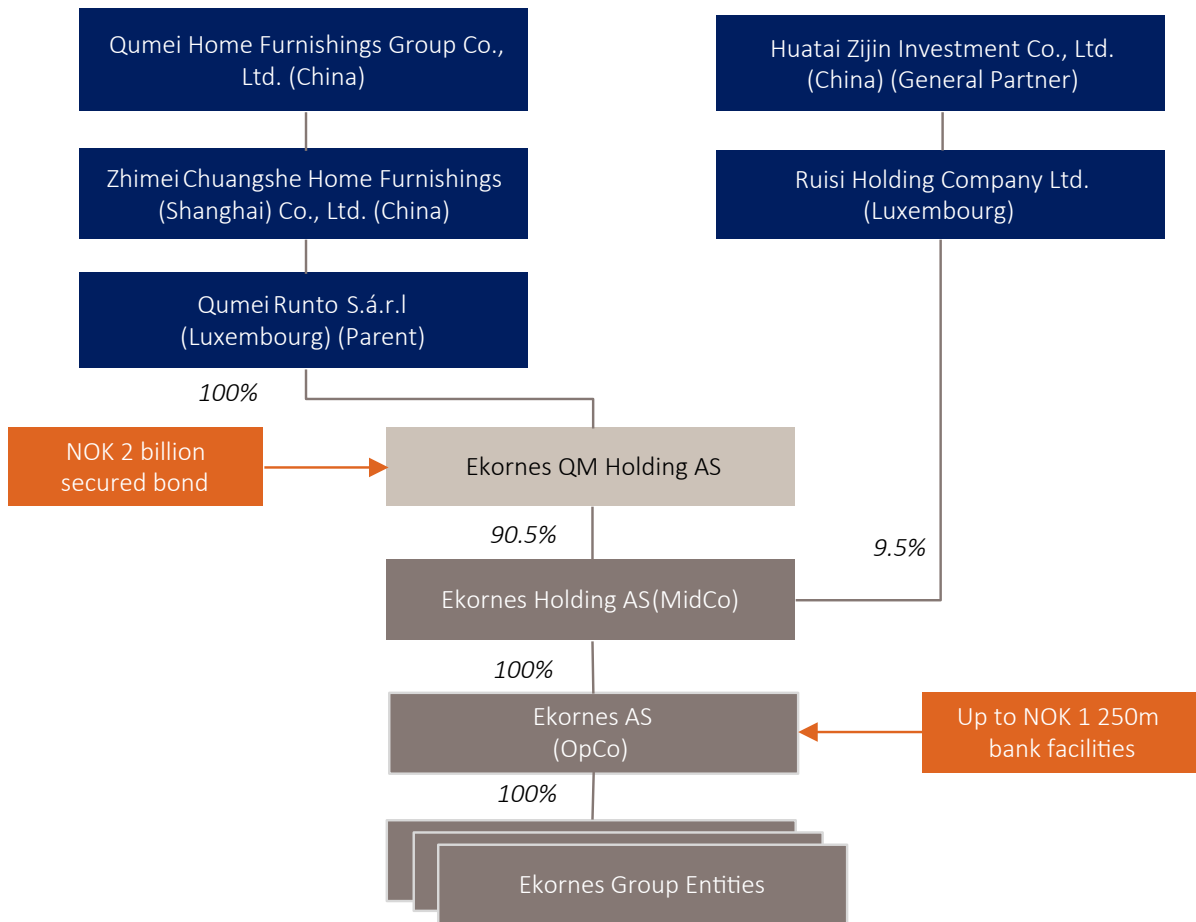
Ekornes QM Holding AS was founded 4 January 2018 with the purpose of acquiring the Ekornes Group. In May 2018, an offer was made to purchase the shares of all Ekornes shareholders. The share purchase was completed in August 2018 and Ekornes AS was delisted from the Oslo Stock Exchange in October 2018.

Qumei Home Furnishings Group (90.5%) and Huatai Securities (9.5%), own the Ekornes Group through Ekornes Holding AS. The Norwegian ultimate parent company Ekornes QM Holding AS is a wholly owned subsidiary of Qumei Home Furnishing Group. Ekornes QM Holding AS owns 90.5% of the shares in Ekornes Holding AS. The Ekornes Group is the only operational part of the Ekornes QM Holding Group. The Ekornes Group is consolidated from the acquisition date.

The consolidated financial statements comprise the financial statements of the parent company Ekornes QM Holding AS and its subsidiaries as at 30 June 2021. As at 30 June 2021, Ekornes QM Holding AS had 90.5% shareholding and voting rights in Ekornes Holding AS, who in its turn has a 100% ownership share and voting rights for all other consolidated companies.

In July 2021, Ekornes QM Holding acquired the remaining 9.5% of the shares in Ekornes Holding AS from Huatai Securities, now controlling all shares and voting rights in the company. See subsequent event on page 14 for more details.

## GROUP STRUCTURE AND BOND TRANSACTION OVERVIEW 30 JUNE 2021:



## KEY FIGURES

		Q2 2021	Q2 2020	Q1 2021	YTD Q2 2021	YTD Q2 2020	Y 2020
<b>Gross operating revenue</b>	<b>MNOK</b>	<b>1 059,5</b>	<b>644,4</b>	<b>1 043,8</b>	<b>2 103,3</b>	<b>1 528,2</b>	<b>3 481,7</b>
Stressless®	MNOK	792,4	467,3	744,5	1 536,9	1 147,9	2 539,1
IMG	MNOK	204,1	130,9	219,1	423,1	273,5	671,7
Svane®	MNOK	63,0	46,1	80,3	143,3	106,8	270,9
<b>Gross operating earnings (EBITDA)</b>	<b>MNOK</b>	<b>205,0</b>	<b>149,9</b>	<b>236,0</b>	<b>441,1</b>	<b>224,3</b>	<b>666,6</b>
<b>Operating earnings (EBIT)</b>	<b>MNOK</b>	<b>131,7</b>	<b>74,8</b>	<b>162,1</b>	<b>293,8</b>	<b>75,1</b>	<b>363,4</b>
<b>Operating margin (EBIT)</b>	<b>%</b>	<b>12,4%</b>	<b>11,6%</b>	<b>15,5%</b>	<b>14,0%</b>	<b>4,9%</b>	<b>10,4%</b>
<i>Earnings before tax (EBT)</i>	<i>MNOK</i>	<i>96,8</i>	<i>-18,3</i>	<i>111,0</i>	<i>207,8</i>	<i>-2,3</i>	<i>178,1</i>
<b>Net earnings</b>	<b>MNOK</b>	<b>78,1</b>	<b>-17,5</b>	<b>89,0</b>	<b>167,1</b>	<b>-5,2</b>	<b>142,4</b>
<i>Net interest-bearing Debt (NIBD)</i>	<i>MNOK</i>	<i>2 067,3</i>	<i>2 083,3</i>	<i>2 111,4</i>	<i>2 067,3</i>	<i>2 083,3</i>	<i>2 046,7</i>
<i>Cash and Bank deposits end of period</i>	<i>MNOK</i>	<i>440,5</i>	<i>417,1</i>	<i>392,4</i>	<i>440,5</i>	<i>417,1</i>	<i>454,6</i>

**FINANCIAL REVIEW** (Figures in brackets represent the corresponding period in 2020).

### Q2 2021 FINANCIAL REVIEW

Operating revenue in Q2 2021 was NOK 1 060 million (644). The increase relates to higher sales in all segments, driven by higher consumer spending on household and furnishing during the Covid-19 lockdown, combined with successful launch of new products, supported by Ekornes' ability to support customers with timely delivery of products. Sales during the second quarter 2020 were heavily impacted by the Covid-19 pandemic with major markets shut down during part of the period.

Underlying revenue from the Stressless® segment was NOK 792 million (467). Revenue from IMG was NOK 204 million (131), and revenue from Svane® amounted to NOK 63 million (46).

Costs of goods sold amounted to NOK 295 million (170) during the quarter. Payroll expenses amounted to NOK 317 million (190), driven by higher activity and increased capacity within all segments. Other operating expenses amounted to NOK 238 million, compared with NOK 173 million in Q2 2020. Operating earnings (EBIT) for Q2 2021 came in at NOK 132 million (75), corresponding to an EBIT margin of 12.4% (11.6%). The improvement in earnings was due to stronger sales and improved efficiency through increased production and higher capacity utilisation. With a relatively high share of fixed costs, particularly in Stressless® production, profitability increases with higher volumes.

Net financial items for the period were negative NOK 35 million. Financial expenses amounted to NOK 44 million during the quarter, partly offset by net gains on foreign exchange of NOK 7 million. In the second quarter 2020, net financial items were negative at NOK 93 million, driven by financial expenses of NOK 69 million and loss of foreign exchange of NOK 27 million.

Earnings before tax for the quarter came in at NOK 97 million (-18). Tax expenses were NOK 19 million (-1), which gave a net profit for the quarter of NOK 78 million (-18).

### FIRST HALF 2021 FINANCIAL REVIEW

For the first half year 2021, Ekornes generated operating revenue of NOK 2 103 million (1 528). The increase in revenues compared to the same period in 2020 is largely due to higher consumer spending on household and furnishing during the Covid-19 pandemic, combined with shutdowns in markets during parts of the first half year 2020.

Sales were higher in all segments. Underlying sales revenue from the Stressless® segment was NOK 1 537 million (1 148), revenue from IMG was NOK 423 million (273), while revenue from Svane® amounted to NOK 143 million (107). Operating earnings (EBIT) for the first half year 2021 came in at NOK 294 million (75). The increase from the first half year of 2020 is mainly driven by increased sales and improved profitability from higher capacity utilisation.

Due to the higher activity, payroll expenses amounted to NOK 616 million during the period, compared to NOK 456 million during the first six months of 2020. Other operating expenses, including sales and marketing costs, ended at NOK 498 million, compared to NOK 406 million in the first half year 2020. Net financial items were negative at NOK 86 million (-77), driven by financial expenses of NOK 91 million (125).

Earnings before tax for the first half year came in at NOK 208 (-2). Tax expense is calculated to NOK 41 million (3), which gave a net result of NOK 167 (-5).

## ORDER RECEIPTS AND ORDER RESERVE

		Q2 2021	Q2 2020	Q1 2021	YTD Q2 2020	YTD Q2 2021	Y 2020	CHANGE YTD 2021 / YTD 2020
Order receipts	MNOK	1 226,5	638,3	1 202,6	2 429,2	1 587,8	4 014,0	53%
Order reserve	MNOK	1 174,0	420,4	1 020,9	1 174,0	420,4	874,3	179%

Order receipts in the second quarter 2021 amounted to NOK 1 227 million, up from NOK 639 million in the corresponding quarter in 2020. Order receipts in the first quarter 2021 amounted to NOK 1 203 million.

As at 30 June 2021, Ekornes' combined order reserve was a record high NOK 1 174 million, up from NOK 1 021 million at the end of first quarter 2021. Order reserve at the end of the second quarter 2020 was NOK 420 million.

## BALANCE SHEET

		30.6.2021	30.6.2020	31.3.2021	31.12.2020
Working capital*	MNOK	1 312,9	876,7	1 178,6	990,5
Bank deposits	MNOK	440,5	417,1	392,4	454,6
Total assets	MNOK	7 971,2	7 667,6	7 804,5	7 748,2
Interest-bearing loans	MNOK	2 507,7	2 500,4	2 503,8	2 501,3
Total liabilities	MNOK	4 271,4	4 109,5	4 168,9	4 178,7
Equity	MNOK	3 699,7	3 558,1	3 635,6	3 569,5
Equity ratio	%	46,4%	46,4%	46,6 %	46,1%
Value of forward contracts	MNOK	13,0	-21,9	31,0	22,7
Net interest-bearing Debt (NIBD)	MNOK	2 067,3	2 083,3	2 111,4	2 046,7

\* Working capital = trade receivables + inventory – trade payables

As at 30 June 2021, Ekornes had total assets of NOK 7 971 million, compared with NOK 7 805 million three months earlier. The increase is mainly driven by a NOK 124 million increase in inventories, in addition to increased trade receivables and cash holdings of NOK 37 and NOK 48 million respectively.

Total equity was NOK 3 700 million, corresponding to an equity ratio of 46%. This compared with NOK 3 636 million and 47% at the end of the previous quarter. Total interest-bearing debt at the end of the period amounted to NOK 2 508 million (2 504).

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 30 June 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 half of 2021, Ekornes' financial position at 30 June 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 half year of 2021 and at 30 June 2021, Ekornes was compliant with all covenant requirements in the bond agreement. The leverage ratio at the end of the second quarter 2021 was 2,84, well within prevailing requirements.



## CASH FLOW

		Q2 2021	Q2 2020	Q1 2021	YTD Q2 2021	YTD Q2 2020	Y 2020
Net cash flow from operating activities	MNOK	80,5	80,3	-16,5	64,0	153,6	290,5
Net cash flow from investing activities	MNOK	-15,8	-0,7	-31,9	-47,6	-21,6	-77,7
Net cash flow from financing activities	MNOK	-15,1	-11,6	-16,2	-31,4	-31,5	-71,0
<b>Change in net cash &amp; cash equivalents</b>		<b>49,6</b>	<b>68,0</b>	<b>-64,6</b>	<b>-15,0</b>	<b>100,4</b>	<b>141,8</b>
Effect of exchange gains / (losses) on cash and cash equivalents		-1,5	4,8	2,4	0,8	3,8	0,0
Net cash & cash equivalents at the start of the period		392,4	344,2	454,6	454,6	312,8	312,8
<b>Net cash &amp; cash equivalents at the close of the period</b>		<b>440,5</b>	<b>417,1</b>	<b>392,4</b>	<b>440,5</b>	<b>417,1</b>	<b>454,6</b>

Net cash flow from operating activities in the second quarter 2021 was positive NOK 81 million (80). The strong earnings contribution during the quarter, were partly offset by an increase in working capital, driven by a NOK 124 million increase in inventories. Trade receivables increased by NOK 37 during the quarter, while trade payables increased by NOK 27 million. Changes in other time limited records were positive NOK 70 million during the quarter (-60). Cash flow from operations for the first half of the year of 2021 was NOK 64 million (154).

Net cash flow from investing activities was negative NOK 16 million in the quarter (-1), 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 will gradually return to normal levels. Cash flow from investment activities for the first half year 2021 was negative NOK 48 million (-22).

Net cash flow from the financing activities was negative NOK 16 million in the quarter (-12), mainly related to payments of lease liabilities. Cash flow from financing activities for the first half year was negative NOK 31 million (32).

Net change in cash and cash equivalents was positive NOK 50 million during the quarter and as at 30 June 2021, total holdings of cash and cash equivalents amounted to NOK 441 million, up from NOK 417 million 12 months earlier and up from NOK 392 million at the end of the first quarter 2021.



## SEGMENTS

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



### Stressless®

		Q2 2021	Q2 2020	Q1 2021	YTD Q2 2021	YTD Q2 2020	Y 2020
Gross operating revenue	MNOK	792,4	467,3	744,5	1 536,9	1 147,9	2 539,1
Gross operating earnings (EBITDA)	MNOK	161,8	125,9	182,7	344,5	167,9	502,1
<b>Operating earnings (EBIT)</b>	<b>MNOK</b>	<b>108,8</b>	<b>69,6</b>	<b>129,3</b>	<b>238,1</b>	<b>56,2</b>	<b>276,1</b>
Operating margin (EBIT)		13,7%	14,9%	17,4%	15,5%	4,9%	10,9%

The market development for Stressless® in the second quarter was strong in all markets, with North America standing out as the best performer. Total revenues ended at NOK 792 million during the period, up 70% from a weak second quarter of 2020. Compared to the previous quarter, sales were up 7%. Total sales for the first half year amounted to NOK 1 537 million, up 34% from the corresponding period in 2020.

Operating earnings (EBIT) for the quarter ended at NOK 109 million (70), corresponding to an operating margin of 13.7% (14.9%). The margin was positively impacted by higher operational efficiency, particularly due to better capacity utilisation.

In addition to continuous launches of new relevant products, Stressless®' ability to deliver has become an important competitive advantage. In North America, the second quarter continued the strong trend from the first quarter, and all months in the first half year of 2021 occupy six of the seven highest order income months ever for Stressless® there. While the US market has been full go since mid-2020, Canada has been very slow to open, and has done so in stops and starts.

Power continues to be the star of the Stressless® collection in North America. Indeed, the launch of Stressless® Mike & Max has faced hurdles, including difficulty obtaining space on container vessels. Despite setbacks, the models are selling well, and sales are expected to continue to grow as reliable supply from Thailand is secured.

In Europe, most main markets were beholden to restrictions, but this has not impacted sales as in the same period last year. Central Europe and UK re-emerged from an extended lockdown impacting the first quarter, to experience an increased level of sales. Southern Europe on the other hand, saw the second quarter slow down after a strong development in the first quarter, though levels were well above those seen in 2020. As for all markets and segments, brand and reliability have been key strengths for Stressless®, and are expected to benefit the segment also going forward. The brand has experienced high retailer display activity during the period, and demand from end customers remained strong, particularly for power sofas. Many retailers have spent the first half year of 2021 reorganising shop floors to favour brands and near shore production, which is anticipated to benefit Stressless® in the months ahead.

In Australia and New Zealand, winter sales commenced on 1st May, driving sales in May and June. The introduction of Max & Mike to these markets is in the final stages and combined with the outlook for general economic growth and a strengthening housing market, demand is expected to remain strong going forward.

Performance in the Chinese market was to a large extent impacted by logistical challenges, in addition to renewed spread of the Covid-19 virus in selected regions. Performance in other Asian markets was strong, with solid order intake. Stressless® maintains its strong position in the recliner market, mainly due to a broad and relevant products range. Combined with good ability to deliver, this position is expected to remain going forward.

Generally, Stressless®' ability to deliver is a major advantage. While lead times, especially on sofas, are somewhat longer than desired, they are significantly better than the majority of manufacturers dependent on deliveries from distant production. Stressless® ended the second quarter with full warehouses, giving the company a unique competitive advantage entering the second half of the year.



*Entering the second half of the year, the normalisation trend is expected to continue as the economy continues to recover. One of the Stressless®' points of focus is to capitalise on the retailer relationships that have been strengthened by the company's ability to deliver products and on the strong market response to the power products. Another point of focus is to adjust pricing and campaign programs to increase net average prices, countering the cost increases seen across the board.*



## IMG

		Q2 2021	Q2 2020	Q1 2021	YTD Q2 2021	YTD Q2 2020	Y 2020
Gross operating revenue	MNOK	204,1	130,9	219,1	423,1	273,5	671,7
Gross operating earnings (EBITDA)	MNOK	44,2	24,5	50,4	94,6	51,9	149,9
<b>Operating earnings (EBIT)</b>	<b>MNOK</b>	<b>24,8</b>	<b>5,6</b>	<b>30,7</b>	<b>55,5</b>	<b>15,7</b>	<b>75,4</b>
Operating margin (EBIT)		12,1%	4,3%	14,0%	13,1%	5,7%	11,2%

IMG continued the strong performance from the first quarter, ending the first half year with record high revenues and strong earnings. This has been driven by the ongoing consumer focus on the home furnishing sector, but also by the solid development in IMG's customer base in key markets, particularly in North America.

IMG's strong supply chain and flexible production has aided the ability to service customers as well as to gain new distribution. Covid-19 remains a challenge operationally with IMG doing all that is possible to maintain continuity of supply. The ability to supply and the cost of doing so will remain a key risk also moving forward. Shipping rates show no sign of abating in the near term. IMG will continue to focus on achieving ever stronger relative performance in this area.

Operating revenue for the second quarter ended at NOK 204 million, a 56% increase from the corresponding period last year. Year-to-date 2021, IMG recorded operating revenue of NOK 423 million, 55% higher than the period in 2020. Quarter-on-quarter, operating revenue has seen a slight decline, but this is as expected due to the sales cycle. Revenues during the quarter were negatively impacted by logistic challenges, particularly related to delays in shipping.

The strong performance seen during the period was driven by North America and APAC, with USA and Australia as the leading markets. This development, in terms of which markets are driving growth, falls in line with the strategic direct of the business.

Operating earnings for the quarter were NOK 25 million, compared with NOK 6 million in Q2 2020. Based on revenue development this was within expectations and cost control was evident. As the year progresses, expected increases in raw material costs, combined with the challenging sea freight situation, might become a challenge. However, IMG has taken early and strong action to mitigate these cost base increases.

Year-to-date, the order intake topped NOK 552 million, marking an increase of 109% over the corresponding 2020 figure. Based on this strength, IMG's order reserve at the end of the first half year 2021 remains around record highs at NOK 315 million, 62% above 2020.

The outlook for IMG remains strong based on the order reserve, market conditions and distribution development, where IMG is showing strong growth with both core traditional customers and new customers. More challenging trading conditions are expected, yet the resilience in the home furnishing sector has exceeded expectations so far in 2021. Supply chain risk and logistic costs remain a concern for the second half of 2021 but the high order intake, pricing action taken in the markets and good cost control overall mean the results in the second half of 2021 are expected to remain strong for IMG.







## Svane®

		Q2 2021	Q2 2020	Q1 2021	YTD Q2 2021	YTD Q2 2020	Y 2020
Gross operating revenue	MNOK	63,0	46,1	80,3	143,3	106,8	270,9
Gross operating earnings (EBITDA)	MNOK	-0,5	1,5	3,9	3,3	5,5	17,9
<b>Operating earnings (EBIT)</b>	<b>MNOK</b>	<b>-1,4</b>	<b>0,9</b>	<b>3,0</b>	<b>1,6</b>	<b>4,3</b>	<b>15,2</b>
Operating margin (EBIT)		-2,3%	2,0%	3,7%	1,1%	4,0%	5,6%

After a challenging first quarter with shutdowns, Svane®'s retail network in Norway was fully operational in the second quarter. Demand for Svane® products were high, but market activity was characterized by aggressive pricing with at times significant discounts, also on branded products. Logistics remains a challenge. However, the Ekornes Group has over time focused on securing distribution capacity, and the company's ability to deliver has become a differentiator in all markets and segments, including Svane®.

Despite reopening of stores, continued strong restrictions has limited the number of customers in stores in Central European markets. Sales of mattresses has been good, while sales of complete bed solutions have been weak.

In Denmark, the positive development continued during the quarter, mainly driven by campaigns and successful implementation of new collections. In Finland however, development was weak due to limited home nesting effects compared to other Nordic markets and a shift in market trends.

Operating revenue for Svane® ended at NOK 63 million for the quarter, up from NOK 46 million in the corresponding period in 2020, but down from NOK 80 million in the previous quarter. Operating earnings (EBIT) came in at negative NOK 1 million, compared to NOK 2 million in Q2 2020 and NOK 3 million in Q1 2021.

Going forward, access to critical raw material will be crucial to maintain ability to deliver. Svane® will continue its work securing logistics and material access, but uncertainty in market conditions may impact developments. Svane® will further prioritise to mitigate effects from higher prices on raw materials. Efforts include reduced use of discounts and an increased focus on sales of more expensive high-end products. In addition, Svane® has strong relations to its key customers and will work closely to find joint solutions to address the challenging market conditions.

Order reserve has been stable at low levels but is expected to increase due to increased lead times going forward.





## OUTLOOK

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*Entering the second half of 2021, the positive sentiment in overall furniture markets remains, and Ekornes experiences strong demand in all segments and markets. Indeed, as the pandemic eventually retreats markets are expected to gradually move back to normalize pre-pandemic levels.*

*However, with the pandemic still impacting markets, uncertainty remains. Ekornes strong focus on operational flexibility has enabled the company to maintain delivery of products with short lead times, strengthening customer relations. Combined with continued launches of new relevant products, the company has strengthened its position in core markets and segments.*

*Logistics has become an increasing issue for the industry, impacting ability to deliver and access to raw material. Securing access to external goods and services has been core to Ekornes strategy to maintain operational flexibility and despite outlook for somewhat higher costs, the situation is regarded satisfactory short- to mid-term.*

*Ekornes financial position is good. Combined with strengthened positions in core markets and high operational flexibility, the company is well prepared to adapt to possible changes in market conditions and in good position to utilize and capitalize on emerging market opportunities.*

## MANAGEMENT CHANGES

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



## H & S

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As at 30 June 2021, Ekornes employed a total of 3 181 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 second quarter 2021. This gives an H1-value for the period of 4,9 compared to 4,1 in the same period the year before.

The Group had a sickness absence rate of 2.4% in the second quarter 2021, compared to 3,0% in the same quarter in 2020.

## RELATED PARTIES

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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

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

Following outbreaks of Covid-19, 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 half year of 2021. At the same time, with new and more contagious mutations of the COVID-19 virus emerging, 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.

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

With the Covid-19 pandemic lasting, logistics and transportation have become an increasing challenge, impacting both the ability to bring products to market, but also to secure access to input factors. Ekornes has taken actions to secure access to crucial raw materials and transportation services. However, the situation is expected to increase input prices.

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 minimise 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

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*In July 2021, Ekornes QM Holding acquired the remaining 9.5% of the shares in Ekornes Holding AS from Huatai Securities for NOK 741 million. Following the transaction Ekornes QM Holding controls all shares in Ekornes Holding AS. The transaction was funded within existing credit facilities. The transaction is according to terms outlined in the shareholders agreement between Qumei Holding and Huatai Securities in connection with the purchase of Ekornes ASA in August 2018.*

*Ekornes QM Holding group will book the changes in the proportion held by non-controlling interests as an equity transaction in Q3 2021.*

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

*Oslo, August 25th, 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	Q2 2021	Q2 2020	Q1 2021	YTD Q2 2021	YTD Q2 2020	Y 2020
<b>Gross operating revenue</b>	2	1 059,5	644,4	1 043,8	2 103,3	1 528,2	3 481,7
<i>Cost of goods sold</i>		294,9	169,5	264,4	559,3	393,9	910,1
<i>Payroll expenses</i>		317,1	189,7	298,6	615,7	456,4	1 017,9
<i>Depreciation and write downs</i>	5	73,3	75,1	74,0	147,3	149,2	303,2
<i>Other operating expenses</i>		237,9	172,8	260,0	497,9	406,3	874,8
<i>Net other losses (gains)</i>	3	4,6	-37,4	-15,3	-10,7	47,3	12,3
<b>Total operating expenses</b>		927,8	569,7	881,7	1 809,5	1 453,0	3 118,3
<b>Operating earnings (EBIT)</b>		131,7	74,8	162,1	293,8	75,1	363,4
<i>Financial income</i>		1,6	1,6	2,0	3,6	7,0	12,0
<i>Net gains (losses) on foreign exchange</i>		7,2	-26,1	-6,0	1,2	40,2	13,0
<i>Financial expenses</i>		43,7	68,6	47,1	90,8	124,6	210,3
<b>Net financial items</b>		-34,9	-93,1	-51,1	-85,9	-77,4	-185,3
<b>Earnings before tax (EBT)</b>		96,8	-18,3	111,0	207,8	-2,3	178,1
<i>Calculated tax cost (Income)</i>		18,7	-0,8	22,0	40,7	2,9	35,7
<b>Net earnings</b>		78,1	-17,5	89,0	167,1	-5,2	142,4
<b>Earnings are attributable to:</b>							
<i>Controlling interests</i>		67,8	-20,6	77,4	145,2	-12,8	114,9
<i>Non-controlling interests</i>		10,3	3,1	11,6	21,9	7,6	27,5
<i>Earnings per share</i>		2 603,7	-583,6	2 967,2	5 570,9	-172,0	4 746,0
<i>Earnings per share (diluted)</i>		2 603,7	-583,6	2 967,2	5 570,9	-172,0	4 746,0

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Figures in MNOK)	Note	Q2 2021	Q2 2020	Q1 2021	YTD Q2 2021	YTD Q2 2020	Y 2020
<b>Net earnings</b>		78,1	-17,5	89,0	167,1	-5,2	142,4
<b>Other income and expenses:</b>							
<b>Items which can be reclassified to earnings and loss:</b>							
<i>Translation differences</i>	5	3,7	-66,9	-22,9	-19,3	133,2	-2,9
<b>Total other income and expenses</b>		3,7	-66,9	-22,9	-19,3	133,2	-2,9
<b>Total comprehensive income</b>		81,8	-84,4	66,1	147,9	128,0	139,4

## CONSOLIDATED BALANCE SHEETS

(Figures in MNOK)	Note	30.6.2021	30.06.2020	31.3.2021	31.12.2020
<b>ASSETS</b>					
<b>Non-current assets</b>					
<i>Buildings and sites</i>		969,6	1 027,0	983,2	1 001,6
<i>Machinery and equipment</i>		275,7	296,7	282,1	278,7
<i>Operating movables and fixtures</i>		31,6	22,7	31,2	26,3
<i>Assets under construction</i>		19,1	14,5	15,3	19,3
<i>Right-of-use assets</i>	7	143,0	152,1	154,6	152,9
<b>Total property, plant &amp; equipment</b>		<b>1 439,0</b>	<b>1 513,0</b>	<b>1 466,4</b>	<b>1 478,8</b>
<i>Software and licenses</i>		46,7	48,1	45,3	45,0
<i>Brand name</i>	5	1 541,2	1 581,9	1 551,3	1 561,5
<i>Goodwill</i>	5	1 561,1	1 561,1	1 561,1	1 561,1
<i>Customer relations</i>	5	1 180,3	1 375,9	1 187,8	1 222,0
<i>Deferred tax assets</i>		88,0	77,6	79,2	67,6
<b>Total non-current intangible assets</b>		<b>4 417,3</b>	<b>4 644,6</b>	<b>4 424,7</b>	<b>4 457,2</b>
<i>Other receivables and investments</i>		20,8	18,2	20,4	20,9
<b>Total non-current financial assets</b>		<b>20,8</b>	<b>18,2</b>	<b>20,4</b>	<b>20,9</b>
<b>Total non-current assets</b>		<b>5 877,1</b>	<b>6 175,8</b>	<b>5 911,6</b>	<b>5 956,9</b>
<b>Current assets</b>					
<i>Inventory</i>		1 033,4	642,4	909,0	818,1
<i>Trade receivables</i>		515,1	357,6	477,8	415,6
<i>Forward currency contracts</i>	3	13,0	0,0	31,0	22,7
<i>Other short-term receivables</i>		92,2	74,6	82,6	80,3
<i>Cash and bank deposits</i>		440,5	417,1	392,4	454,6
<b>Total current assets</b>		<b>2 094,1</b>	<b>1 491,7</b>	<b>1 892,9</b>	<b>1 791,3</b>
<b>TOTAL ASSETS</b>		<b>7 971,2</b>	<b>7 667,6</b>	<b>7 804,5</b>	<b>7 748,2</b>



## CONSOLIDATED BALANCE SHEETS

(Figures in MNOK)	Note	30.6.2021	30.06.2020	31.3.2021	31.12.2020
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
<b>Contributed equity</b>					
<i>Share capital</i>	8	0,1	0,1	0,1	0,1
<i>Premium paid</i>		2 807,4	2 807,4	2 807,4	2 807,4
<b>Total contributed equity</b>		<b>2 807,5</b>	<b>2 807,5</b>	<b>2 807,5</b>	<b>2 807,5</b>
<b>Retained earnings</b>					
<i>Translation difference</i>		44,0	184,6	40,7	61,5
<i>Other equity</i>		345,8	72,9	278,0	200,6
<b>Total retained earnings</b>		<b>389,8</b>	<b>257,6</b>	<b>318,7</b>	<b>262,0</b>
<i>Owner of the company</i>		3 197,3	3 065,0	3 126,2	3 069,5
<i>Non-controlling interests</i>		502,4	493,0	509,4	500,0
<b>Total equity</b>		<b>3 699,7</b>	<b>3 558,1</b>	<b>3 635,6</b>	<b>3 569,5</b>
<b>Non-current liabilities</b>					
<i>Pension liabilities</i>		7,8	6,8	7,6	8,4
<i>Provisions</i>		3,1	3,9	3,6	3,6
<i>Deferred tax</i>		813,4	901,5	823,6	841,9
<i>Lease liabilities</i>	7	109,3	115,3	119,7	119,3
<i>Interest-bearing debt - Bond</i>	6	2 007,7	2 000,4	2 003,8	2 001,3
<i>Interest-bearing debt - Bank</i>	6	500,0	500,0	500,0	500,0
<b>Total non-current liabilities</b>		<b>3 441,3</b>	<b>3 527,9</b>	<b>3 458,3</b>	<b>3 474,6</b>
<b>Current liabilities</b>					
<i>Trade payables</i>		235,6	123,3	208,3	243,2
<i>Public charges payable</i>		98,0	71,2	63,6	77,4
<i>Tax payable</i>		110,4	42,2	90,3	62,7
<i>Forward currency contracts</i>	3	0,0	21,9	0,0	0,0
<i>Dividend</i>		18,9	22,5	5,1	9,2
<i>Lease liabilities</i>	7	40,3	37,6	40,8	38,9
<i>Other current liabilities</i>		327,0	263,0	302,4	272,6
<b>Total current liabilities</b>		<b>830,2</b>	<b>581,6</b>	<b>710,6</b>	<b>704,1</b>
<b>Total liabilities</b>		<b>4 271,4</b>	<b>4 109,5</b>	<b>4 168,9</b>	<b>4 178,7</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>7 971,2</b>	<b>7 667,6</b>	<b>7 804,5</b>	<b>7 748,2</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS

(Figures in MNOK)	Q2 2021	Q2 2020	Q1 2021	YTD Q2 2021	YTD Q2 2020	Y 2020
<b>Cash flows from operating activities</b>						
<i>Earnings before tax (EBT)</i>	96,8	-18,3	111,0	207,8	-2,3	178,1
<i>Tax paid for the period</i>	-25,6	-2,4	-6,9	-32,5	-18,3	-38,2
<i>Depreciation and write downs</i>	73,3	75,1	74,0	147,3	149,2	303,2
<i>Change in inventory</i>	-124,4	12,2	-90,9	-215,3	-67,0	-242,7
<i>Change in trade receivables</i>	-37,3	126,3	-62,2	-99,5	24,3	-33,7
<i>Change in trade payables</i>	27,3	-52,7	-35,0	-7,7	-29,9	90,1
<i>Change in other time limited records</i>	70,3	-59,8	-6,5	63,8	97,6	33,7
<b>Net cash flow from operating activities</b>	<b>80,5</b>	<b>80,3</b>	<b>-16,5</b>	<b>64,0</b>	<b>153,6</b>	<b>290,5</b>
<b>Cash flows from investing activities</b>						
<i>Proceeds from sale of PP&amp;E</i>	-0,6	0,0	0,7	0,2	0,8	2,7
<i>Payments for purchase of PP&amp;E</i>	-15,2	-0,7	-32,6	-47,8	-22,4	-80,4
<b>Net Cash flows from investing activities</b>	<b>-15,8</b>	<b>-0,7</b>	<b>-31,9</b>	<b>-47,6</b>	<b>-21,6</b>	<b>-77,7</b>
<b>Cash flows from financing activities</b>						
<i>Payment of lease liabilities</i>	-11,2	-11,6	-12,1	-23,4	-22,3	-48,5
<i>Payment of dividend</i>	-3,9	0,0	-4,1	-8,0	-9,2	-22,4
<b>Net cash flow from financing activities</b>	<b>-15,1</b>	<b>-11,6</b>	<b>-16,2</b>	<b>-31,4</b>	<b>-31,5</b>	<b>-71,0</b>
<b>Change in net cash &amp; cash equivalents</b>	<b>49,6</b>	<b>68,0</b>	<b>-64,6</b>	<b>-15,0</b>	<b>100,4</b>	<b>141,8</b>
<i>Effect of exchange gains / (losses) on cash and cash equivalents</i>	-1,5	4,8	2,4	0,8	3,8	0,0
<i>Net cash &amp; cash equivalents at the start of the period</i>	392,4	344,2	454,6	454,6	312,8	312,8
<b>Net cash &amp; cash equivalents at the close of the period</b>	<b>440,5</b>	<b>417,1</b>	<b>392,4</b>	<b>440,5</b>	<b>417,1</b>	<b>454,6</b>
<i>Restricted cash at the end of the period*</i>	154,9	141,7	141,6	154,9	141,7	152,3
<i>Unrestricted cash at the end of the period</i>	285,6	275,4	250,8	285,6	275,4	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 30 June 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
<b>Equity 31.12.2019</b>	<b>0,1</b>	<b>2 807,4</b>	<b>64,1</b>	<b>85,7</b>	<b>2 957,3</b>	<b>493,9</b>	<b>3 451,2</b>
<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
<b>Equity 31.12.2020</b>	<b>0,1</b>	<b>2 807,4</b>	<b>61,5</b>	<b>200,6</b>	<b>3 069,5</b>	<b>500,0</b>	<b>3 569,5</b>
<b>Equity 31.12.2020</b>	<b>0,1</b>	<b>2 807,4</b>	<b>61,5</b>	<b>200,6</b>	<b>3 069,5</b>	<b>500,0</b>	<b>3 569,5</b>
<i>Earnings for the period</i>	0,0	0,0	0,0	145,2	145,2	21,9	167,1
<i>Other comprehensive income</i>	0,0	0,0	-17,4	0,0	-17,4	-1,8	-19,3
<i>Dividend*</i>	0,0	0,0	0,0	0,0	0,0	-17,6	-17,6
<b>Equity 30.6.2021</b>	<b>0,1</b>	<b>2 807,4</b>	<b>44,0</b>	<b>345,8</b>	<b>3 197,3</b>	<b>502,4</b>	<b>3 699,7</b>

### \*Dividend from Ekornes Holding AS

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

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### NOTE 1 ACCOUNTING PRINCIPLES

The consolidated financial statements for the second quarter 2021, closed as at 30 June 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)	Q2 2021	Q2 2020	Q1 2021	YTD Q2 2021	YTD Q2 2020	Y 2020
<b>Revenues per segment</b>						
Stressless®	792,4	467,3	744,5	1 536,9	1 147,9	2 539,1
IMG	204,1	130,9	219,1	423,1	273,5	671,7
Svane®	63,0	46,1	80,3	143,3	106,8	270,9
<b>Total</b>	<b>1 059,5</b>	<b>644,4</b>	<b>1 043,8</b>	<b>2 103,3</b>	<b>1 528,2</b>	<b>3 481,7</b>
<b>EBITDA per segment</b>						
Stressless®	161,8	125,9	182,7	344,5	167,9	502,1
IMG	44,2	24,5	50,4	94,6	51,9	149,9
Svane®	-0,5	1,5	3,9	3,3	5,5	17,9
Other/eliminations *	-0,5	-2,1	-0,9	-1,4	-1,1	-3,3
<b>Total</b>	<b>205,0</b>	<b>149,9</b>	<b>236,0</b>	<b>441,1</b>	<b>224,3</b>	<b>666,6</b>
<b>EBIT per segment</b>						
Stressless®	108,8	69,6	129,3	238,1	56,2	276,1
IMG	24,8	5,6	30,7	55,5	15,7	75,4
Svane®	-1,4	0,9	3,0	1,6	4,3	15,2
Other/eliminations *	-0,5	-1,3	-0,9	-1,4	-1,1	-3,3
<b>Total</b>	<b>131,7</b>	<b>74,8</b>	<b>162,1</b>	<b>293,8</b>	<b>75,1</b>	<b>363,4</b>
<b>Operating revenues by market</b>						
Norway	130,8	87,9	167,4	298,2	221,2	503,4
Other Nordic	61,9	43,5	60,2	122,0	90,9	204,3
Central Europe	147,2	131,0	206,6	353,8	322,7	640,0
Southern Europe	90,1	42,8	66,5	156,6	92,7	195,6
United Kingdom/Ireland	45,6	31,8	48,7	94,3	93,1	229,7
USA/Canada/Mexico	411,7	187,0	305,6	717,2	458,5	1 054,8
Japan	27,4	24,1	31,6	59,0	52,3	138,2
Australia	82,8	62,0	84,4	167,1	114,8	286,0
China	33,0	15,5	40,3	73,3	33,2	110,3
Other Markets	29,1	18,8	32,6	61,7	48,8	119,4
<b>Total</b>	<b>1 059,5</b>	<b>644,4</b>	<b>1 043,8</b>	<b>2 103,3</b>	<b>1 528,2</b>	<b>3 481,7</b>

\* 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 half-year 2021, the Group entered into forward contracts, and all realised and unrealised gains and losses associated with these contracts are recognised in net other losses/(gains). In the second quarter, these contracts resulted in a NOK 13,5 million in realised gain and a unrealised loss of 18,0 million. All contracts that are open as at 30 June 2021 fall due for payment in the next 12 months. As at 30 June 2021, the market value of existing forward currency contracts came to NOK 13,0 million.

(Figures in MNOK)

Total net other losses/(gains) comprises:	Q2 2021	Q2 2020
Realised losses/(gains) on new forward contracts	-13,5	27,9
Change in value of realised and unrealised contracts	-18,0	-19,4
<b>Net other losses/(gains)</b>	<b>-4,6</b>	<b>47,3</b>

The following net foreign exchange volume was undertaken in first-half year 2021:

Currency	Volume in Currency (Million)	Average exchange rate (in NOK)
AUD	8,0	6,50
DKK	26,1	1,45
EUR	15,1	10,80
GBP	4,8	12,08
USD	8,8	9,35

## NOTE 4 NO. OF EMPLOYEES

	30.6.2021	31.3.2021	31.12.2020
Employees in Norway	1 255	1 202	1 152
Employees abroad	1 926	1 805	1 694
<b>Total</b>	<b>3 181</b>	<b>3 007</b>	<b>2 846</b>

## 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
<b>Acquisition value 1.1.2021</b>	<b>1 656,4</b>	<b>1 561,1</b>	<b>1 302,3</b>	<b>4 519,8</b>
<b>Accumulated depreciation 31.12.2020</b>	<b>94,9</b>	<b>0</b>	<b>141,0</b>	<b>235,9</b>
<i>The period's depreciation</i>	20,3	0	29,3	49,7
<b>Accumulated depreciation 30.6.2021</b>	<b>115,2</b>	<b>0</b>	<b>170,4</b>	<b>285,6</b>
<b>Accumulated currency translation 31.12.2020</b>	<b>0</b>	<b>0</b>	<b>60,7</b>	<b>60,7</b>
<i>The period's currency translation differences</i>	0	0	-12,3	-12,3
<b>Accumulated currency translation 30.6.2021</b>	<b>0</b>	<b>0</b>	<b>48,4</b>	<b>48,4</b>
<b>Book value 30.6.2021</b>	<b>1 541,2</b>	<b>1 561,1</b>	<b>1 180,3</b>	<b>4 282,6</b>
<b>Split per segment</b>				
<i>Stressless®</i>	1 325,3	676,6	743,3	2 745,2
<i>IMG</i>	215,9	884,5	437,0	1 537,4
<b>Book value 30.6.2021</b>	<b>1 541,2</b>	<b>1 561,1</b>	<b>1 180,3</b>	<b>4 282,6</b>
	Brand name	Goodwill	Customer relationships	Total
<b>Acquisition value 1.1.2020</b>	<b>1 656,4</b>	<b>1 561,1</b>	<b>1 302,3</b>	<b>4 519,8</b>
<b>Accumulated depreciation 31.12.2019</b>	<b>54,2</b>	<b>0</b>	<b>78,0</b>	<b>132,3</b>
<i>The period's depreciation</i>	20,3	0	32,1	52,4
<b>Accumulated depreciation 30.6.2020</b>	<b>74,6</b>	<b>0</b>	<b>110,1</b>	<b>184,7</b>
<b>Accumulated currency translation differences 31.12.2019</b>	<b>0</b>	<b>0</b>	<b>44,7</b>	<b>44,7</b>
<i>The period's currency translation differences</i>	0	0	139,0	139,0
<b>Accumulated currency translation 30.6.2020</b>	<b>0</b>	<b>0</b>	<b>183,7</b>	<b>183,7</b>
<b>Book value 30.6.2020</b>	<b>1 581,9</b>	<b>1 561,1</b>	<b>1 375,9</b>	<b>4 518,8</b>
<b>Split per segment</b>				
<i>Stressless®</i>	1 353,4	676,6	860,1	2 890,1
<i>IMG</i>	228,4	884,5	515,8	1 628,7
<b>Book value 30.6.2020</b>	<b>1 581,9</b>	<b>1 561,1</b>	<b>1 375,9</b>	<b>4 518,8</b>



## NOTE 6 INTEREST-BEARING LOANS AND CREDIT FACILITIES

The Group regularly assesses its capital structure and risk profile.

(Figures in MNOK)

Short-term borrowing agreement 30 June 2021	Credit facility	Amount drawn	Available
DNB	500,0	0,0	500,0
Sparebank Møre	250,0	0,0	250,0
<b>Total</b>	<b>750,0</b>	<b>0,0</b>	<b>750,0</b>

### Long-term borrowing agreement 30 June 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 30 June 2021

In April 2019, Ekornes QM Holding AS issued a stock exchange bond to refinance the Group. The bond was listed on Oslo Stock Exchange 10 July under the name "Ekornes QM Holding AS 19/23 FRN FLOOR C", Ticker: EKO01. No instalments are payable before maturity in October 2023 and interest expenses are paid quarterly. NIBOR is adjusted at the end of each quarter and at 30. June 2021 the coupon was 7.38%. For third quarter 2021 the coupon is 7.2 %.

Bond	FRN Ekornes QM Holding AS Senior Secured Callable Bond Issue 2019/2023
Ticker:	EKO01
Currency	NOK
Issue Amount	2 000
NIBOR 3M	0,38% (0.2% from 2.July 2021)
Margin	7,00%
Coupon	7,38% (7.2% from 2. July 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 second quarter of 2021 and at 30 June, the group was compliant with all covenants requirements in the bond agreement. Leverage ratio at the end of the second quarter 2021 was 2.84.

## 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
<b>Balance at 31.12.2020</b>	<b>152,9</b>
Depreciations	-22,6
Additions	16,9
Disposals	-0,3
Currency exchange differences	-3,8
<b>Balance at 30.6.2021</b>	<b>143,0</b>
<b>Lease liabilities</b>	
<b>Maturity analysis - contractual undiscounted cash flows</b>	
Less than one year	39,8
One to five years	91,2
More than five years	30,8
<b>Total undiscounted lease liabilities at 30.6.2021</b>	<b>161,8</b>
<b>Lease liabilities included in the statement of financial position at 30.6.2021</b>	
Current	109,3
Non-current	40,3

## NOTE 8 SHARES AND SHAREHOLDERS

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

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

As at 30 June 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 30 June 2021, the board has been granted the following authorizations:

The board has been granted no authorizations.



**EKORNES®**

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