

A close-up photograph of a brown leather office chair. The image shows the top of the chair's backrest and the top of the seat, both upholstered in a smooth, light brown leather. The leather has a subtle texture and is accented with fine, light-colored stitching along the edges. The chair is set against a dark, neutral background. The EKORNES logo is printed in white, uppercase letters on the upper part of the backrest.

EKORNES®

Ekornes QM Holding Group

Financial statements for the fourth quarter and full-year 2023

Highlights

Fourth quarter and full year 2023 results

- Q4 2023 operating revenue of NOK 1 124 million, up 4 % from Q4 2022
- Stressless® and IMG revenues up 6% and 5% year-over-year, respectively, while Svane® revenues were down 8%
- Q4 2023 operating earnings (EBIT) of NOK 60 million (-26) and operating margin of 5% (-2%), driven by higher revenues and reduced operating costs
- Net cash flow from operating activities positive at NOK 155 million (124), reflecting a NOK 148 million reduction in inventories
- Strong financial position and sound liquidity, with cash position of NOK 835 million as of 31 December 2023
- Q4 2023 order intake of NOK 970 million, down 7% from NOK 1 043 million in Q4 2022, and continued weak entry to 2024
- Order reserve as of 31 December at NOK 468 million, down 27% from Q3 2023 and 38% from Q4 2022



SATISFACTORY PERFORMANCE WITH UNCERTAIN OUTLOOK

Inflationary pressure, higher interest rates and increased costs of living overall, continue to impact consumer spending and demand for furniture.

Despite the challenging market conditions, Ekornes sales during the fourth quarter was satisfactory, up some 4% compared to the corresponding quarter in 2022. However, order receipts continued to decline throughout the quarter, and entering 2024 with the order reserve at pre-pandemic levels, outlook for the market development the coming 6-12 months is uncertain.

However, there are large variations between regions and markets. While development in Central Europe and Southern Europe remains weak, UK was strong. Development in North America and Asia Pacific North is stable.

Addressing the challenging market conditions, Ekornes has throughout the year implemented several initiatives to reduce costs and safeguard profitability, including reduced operational costs in line with the target of NOK 200 million in annual savings by year-end. As order intake for Stressless® weakened in the fourth quarter 2023, Ekornes initiated in January 2024 further operational capacity adjustments, announcing temporary redundancies at the Stressless® facilities in Norway.

Adapting to softer markets, Ekornes has taken actions across operations and initiatives are expected to prove results going forward. Promotions during the seasonally strong-selling November and December periods stimulated sales less than expected and order intake in the beginning of 2024 indicates a continued weak market development during the first half of 2024.

The company has a flexible operating model and is continuously evaluating further initiatives to align the business with prevailing demand, ensuring resilience and long-term competitiveness.



Company history and ownership

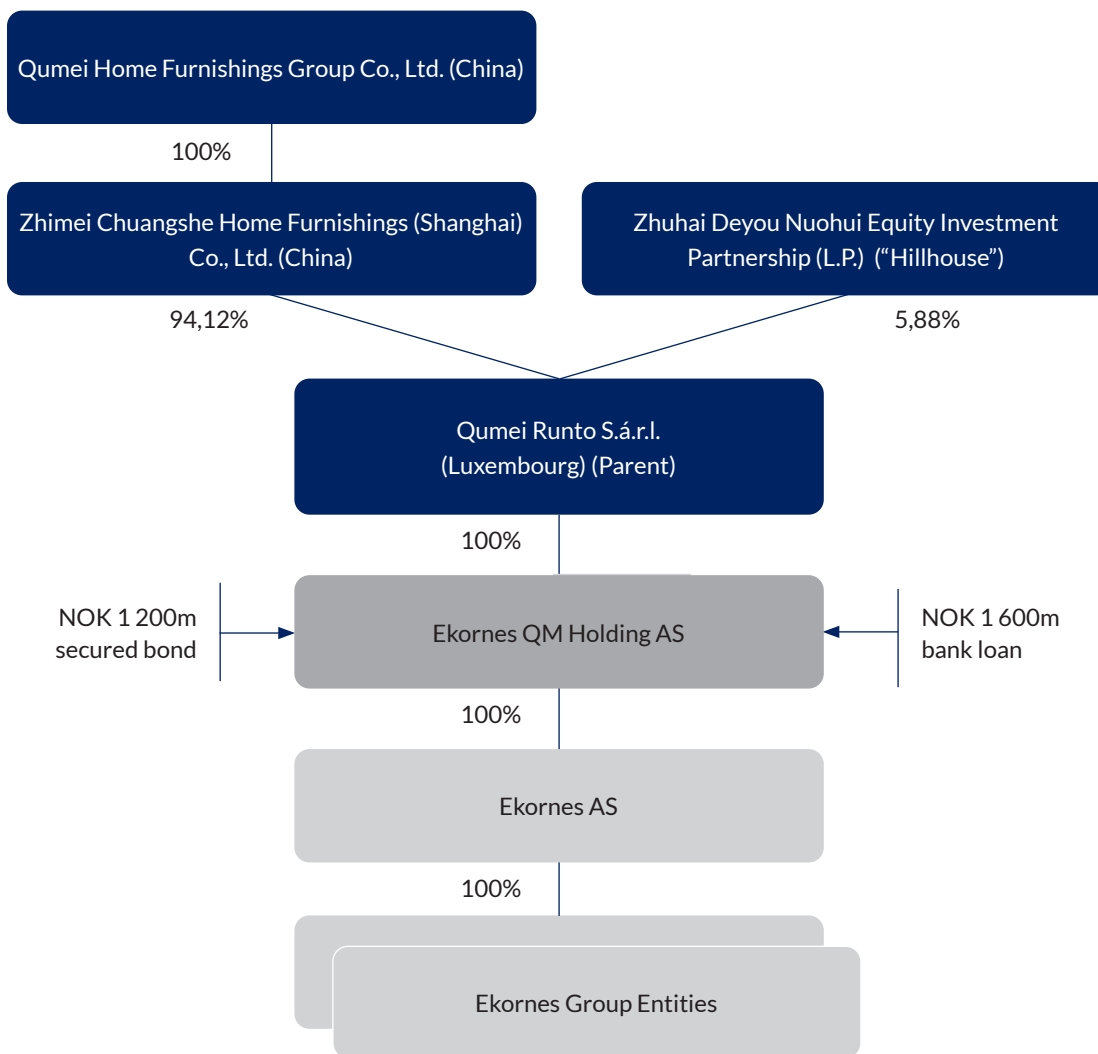
Ekornes QM Holding AS was founded 4 January 2018 with the purpose of acquiring the Ekornes Group. In May 2018, an offer was made to purchase the shares of all Ekornes shareholders. The share purchase was completed in August 2018 and Ekornes AS was delisted from the Oslo Stock Exchange in October 2018.

Norwegian ultimate parent company Ekornes QM Holding AS is a subsidiary of Qumei Home Furnishings Group. Qumei Group owns 94,12% of the shares in Qumei Runto S.à.r.l and Hillhouse owns the remaining shares.

Qumei Runto S.à.r.l owns 100% of the shares in Ekornes QM Holding AS. The Ekornes Group is the only operational part of the Ekornes QM Holding Group. The consolidated financial statements comprise the financial statements of the parent company Ekornes QM Holding AS and its subsidiaries as at 31 December 2023.

Ekornes QM Holding AS had, as at 31 December 2023, 100% shareholding and voting rights in Ekornes AS who in its turn has a 100% ownership share and voting rights for all other consolidated companies.

(Ownership chart as at 31 December 2023)



Key figures

		Q4 2023	Q4 2022	Q3 2023	Y2023	Y2022
Gross operating revenue	MNOK	1 124,0	1 075,8	953,4	4 219,0	4 928,2
Stressless®	MNOK	829,1	785,7	672,1	3 141,6	3 645,9
IMG	MNOK	224,9	213,7	224,0	824,5	994,3
Svane®	MNOK	70,0	76,4	57,3	252,9	288,0
Gross operating earnings (EBITDA)	MNOK	143,2	57,3	173,7	428,9	675,0
Operating earnings (EBIT)	MNOK	60,1	-25,8	92,6	104,9	355,5
Operating margin (EBIT)	%	5,4%	-2,4%	9,7%	2,5%	7,2%
Earnings before tax (EBT)	MNOK	7,1	-140,1	4,4	-143,8	165,1
Net earnings	MNOK	-26,1	-103,1	6,8	-140,5	138,6
Net interest-bearing Debt (NIBD)	MNOK	1 964,7	2 628,6	2 082,8	1 964,7	2 628,6
Cash and Bank deposits end of period	MNOK	835,3	428,9	717,2	835,3	428,9

FINANCIAL REVIEW

(Figures in brackets represent the corresponding period in 2022).

FOURTH QUARTER 2023 FINANCIAL REVIEW

Fourth quarter 2023 operating revenues came in at NOK 1 124 million, up 4% from the fourth quarter 2022. The increased revenues are mainly related to somewhat higher prices and positive currency development compared to the corresponding quarter 2022. Underlying volumes are on the other hand down.

Sales revenue from the Stressless® segment was NOK 829 million (786), a 6% increase from the fourth quarter 2022, mainly driven by higher sales in southern Europe and the UK. Revenue from IMG grew by 5% to NOK 225 million (214) while revenues from Svane® decreased by 8% to NOK 70 million (76).

Cost of goods sold ended at NOK 410 million (413), or 36% of operating revenues (38%), however with the fourth quarter 2022 impacted by inventory write-downs. Compared to the previous quarters, material costs have increased somewhat, driven by fourth quarter marketing campaigns, which also supported considerable reductions in working capital.

Payroll expenses decreased by 4% to NOK 279 million (291) following workforce reductions under the “Focus 23” programme. The lower payrolls also reflect the restructuring of operations with a higher share of the workforce outside Norway compared to one year earlier. Other operating expenses came in at NOK 313 million (345), a decrease of 9% due to reduced marketing expenses and lower transportation costs as shipping rates were lower compared to last year.

Net other losses amounted to NOK 21 million (-31), mainly related to unrealized gains on currency forward contracts. See note 3 in the financial statements for more information.

Total operating expenses for the period ended at NOK 1 064 million, slightly down from NOK 1 102 million in the fourth quarter 2022. Compared to the previous quarter, operating expenses were up 24%.

Operating earnings (EBIT) for the quarter came in at NOK 60 million (-26), corresponding to an EBIT margin of 5.4%. This compares to negative 2.4% in the fourth quarter 2022 and positive 9.7% in the previous quarter. The improved margin from last year reflects lower raw material prices and effects from the “Focus 23” programme including a lower cost base and reduced operational capacity. In addition, Q4 2022 earnings was impacted by extraordinary high marketing costs. Compared to the previous quarters, material costs in the fourth quarter increased somewhat driven by extraordinary marketing campaigns to sell out slow-moving and discontinued product assortments. This also supported considerable reductions in working capital. Ekornes remains committed to safeguard profitability by executing on organisational and financial initiatives.

Net financial items for the fourth quarter 2023 were negative NOK 53 million (-114), including financial expenses of NOK 99 million (79). Financial income amounted to NOK 34 million during the quarter (14), while net foreign exchange gains came in at NOK 12 million. This compared to a loss of NOK 49 million in the corresponding period last year.

Earnings before tax for the quarter ended at NOK 7 million (-140). Tax cost for the period is calculated at NOK 33 million, compared to tax benefits of NOK 37 million in the fourth quarter 2022. This gave a net loss for the quarter of NOK 26 million, compared to a net loss of NOK 103 million in the fourth quarter 2022.

FULL YEAR 2023 FINANCIAL REVIEW

For the full year 2023, Ekornes generated operating revenue of NOK 4 219 million (4 928). The decline in revenues compared to 2022 largely reflects sales coming down from the elevated levels during the Covid-19 pandemic, and weaker consumer spending from higher interest rates and rising living costs. The lower sales volume was partly offset by increased product prices and growing sales of the dining segment and motorized products.

Underlying sales revenue from the Stressless® segment was NOK 3 142 million (3 646), revenue from IMG was NOK 825 million (994), while revenue from Svane® amounted to NOK 253 million (288).

Following capacity reductions, payroll expenses amounted to NOK 1 171 million during the year, down from NOK 1 289 million in 2022. Cost of goods sold was NOK 1 481 million (1 632). Other operating expenses, including transportation and marketing costs, ended at NOK 1 105 million, compared to NOK 1 309 million in 2022. 2023 includes restructuring costs related to the implementation of the "Focus 23" program.

Operating earnings (EBIT) for the year came in at NOK 105 million. This compares to NOK 356 million in 2022. The weakened operating result is mainly attributed to lower sales in challenging markets, high raw material prices, shifting product mix and unrealized losses on currency forward contracts. Ekornes experienced effects from the improvement programme during the second half of the year.

Net financial items were negative at NOK 249 million (-190), driven by financial expenses of NOK 386 million (264). The increase reflects higher interest rates and expenses following the company's debt refinancing in the first quarter 2023.

Earnings before tax for the full year 2023 was negative at NOK 144 million (165). Tax benefit for the period is calculated at NOK 3 million compared to a tax benefit of NOK 27 million in 2022. This gave a net loss for 2023 of NOK 141 million compared to a net profit of 139 million for 2022.

Order receipts and order reserve

		Q4 2023	Q4 2022	Q3 2023	Y2023	Y2022	Change Y2023/Change Y2022
Order receipts	MNOK	969,8	1 042,7	875,6	3 986,7	4 350,7	-8%
Order reserve	MNOK	467,8	750,7	637,3	467,8	750,7	-38%

Order receipts in the fourth quarter 2023 amounted to 970 million, slightly down from NOK 1 043 million in the fourth quarter 2022. Compared to the third quarter 2023, order receipts were up 11%.

As of 31 December 2023, Ekornes' combined order reserve was NOK 468 million, down 38% from NOK 751 million at the end of the fourth quarter 2022. The order reserve at the end of the previous quarter was NOK 637 million.

Balance Sheet

		31.12.2023	30.09.2023	31.12.2022
Working capital*	MNOK	1061,2	1 171,4	1 481,5
Bank deposits	MNOK	835,3	717,2	428,9
Total assets	MNOK	7 959,8	8 054,5	8 104,9
Interest-bearing loans	MNOK	2 800,0	2 800,0	3 057,5
Total liabilities including held for sales	MNOK	4 343,6	4 360,0	4 749,1
Equity	MNOK	3 616,2	3 694,5	3 355,9
Equity ratio	%	45,4 %	45,9 %	41,4%
Value of forward contracts	MNOK	20,7	-10,0	-2,7
Net interest-bearing Debt (NIBD)	MNOK	1 964,7	2 082,8	2 628,6

* Working capital = trade receivables + inventory - trade payables

As at 31 December 2023, Ekornes had total assets of NOK 7 960 million, down from NOK 8 055 million three months earlier. The reduction mainly follows lower current liabilities, driven mainly by reduction in inventory. Inventory decreased by NOK 148 million while trade receivables increased NOK 34 million. Other short-term receivables decreased NOK 26 million during the period. Cash and bank deposits increased by NOK 118 million.

Total equity was NOK 3 616 million at the end of the quarter, corresponding to an equity ratio of 45%. This compares to NOK 3 694 million and 46% at the end of the previous quarter.

Total interest-bearing debt at the end of the period amounted to NOK 2 800 million (Without capitalization), in line with the preceding quarter. Ekornes refinanced its bond and bank debt in the first quarter 2023. The current debt structure includes a NOK 1.2 billion bond and a NOK 1.6 billion term loan with DNB and Sparebanken Møre. The bond matures in September 2026 and the bank loan in March 2026.

The bond was issued on 10 March 2023 by Ekornes QM Holding AS and partly refinanced the former NOK 2.0 billion bond which Ekornes exercised call options to redeem on 3 April 2023. The new bond was listed on the Oslo Stock Exchange on 29 June 2023 under the name "Ekornes QM Holding AS 23/26 FRN Floor C". Ekornes has call options to redeem the bond prior to maturity.

The new financing structure includes more equity, less bond debt and more bank debt and improves the Group's financial position.

Financial covenants

The bond agreement is subject to a set of financial covenants, including a minimum liquidity of NOK 350 million and a maximum leverage ratio of 8.0 until the first quarter 2024. The maximum allowed leverage ratio has a gradual step-down mechanism from 5.5 in the second quarter 2024 towards 4.5 by year-end 2024. The covenants are measured quarterly on a 12-month rolling basis for Ekornes QM Holding Group. Based on current projections, the company expects to be within the allowance the next 12 months.

The bond agreement also includes restrictions on dividend payments from Ekornes QM Holding AS and the company is currently not in position to distribute any dividends. See note 6 for more information as of 31 December 2023.

Ekornes was compliant with all covenant requirements in the bond agreement. The leverage ratio at the end of the fourth quarter 2023 was 5.06, well below the maximum allowed.

Cash flow

		Q4 2023	Q4 2022	Q3 2023	Y2023	Y2022
Net cash flow from operating activities	MNOK	154,9	123,8	94,4	452,2	340,5
Net cash flow from investing activities	MNOK	-11,8	-36,9	-12,1	-67,5	-145,3
Net cash flow from financing activities	MNOK	-23,8	-32,9	-16,4	22,9	-112,0
Change in net cash & cash equivalents	MNOK	119,4	54,0	65,9	407,6	83,3
Effect of exchange gains / (losses) on cash and cash equivalents	MNOK	-1,2	8,6	0,5	-1,1	-4,5
Net cash & cash equivalents at the start of the period	MNOK	717,2	366,2	650,7	428,9	350,1
Net cash & cash equivalents at the close of the period	MNOK	835,3	428,9	717,2	835,3	428,9

Net cash flow from operating activities in the fourth quarter 2023 was NOK 155 million (124), driven by a NOK 122 million reductions in working capital. This includes NOK 148 million in lower inventory. The working capital reduction was partly offset by a NOK 42 million change in other time-limited records, mainly related to payment of holiday allowances and public charges. The amount also includes a reduction in current liabilities from the unrealized gain on forward currency contracts mentioned above. Full year cash flow from operations was NOK 452 million (341).

Ekornes has a sharp focus on bringing down the working capital from the levels following the extraordinary demand boost during the Covid-19 pandemic, and current initiatives of optimizing the product portfolio are proving effective. For the full year 2023, the company has reduced the working capital by NOK 420 million.

Net cash flow from investing activities was negative NOK 12 million in the quarter (-37), all related to ongoing investments in day-today operations. For the full year, net cash flow from investing activities was negative NOK 68 million (-145). As part of the initiatives to safeguard operations through times of softer markets, Ekornes has temporarily reduced investments to ensure adequate cash flow generation. In the longer term, the investment level is expected to be higher to support product innovation and develop production facilities, enabling future profitable growth.

Net cash flow from financing activities was negative at NOK 24 million during the quarter, compared to negative NOK 33 million in the corresponding period in 2022. The amount is entirely due to payments of lease liabilities. Full year cash flow from financing activities was positive NOK 23 million (-112). NOK 12,5 million reclassified from net cash flow from operating activities to net cash from financing activities related to refinancing and reported in Q1 2023.

Net change in cash and cash equivalents was positive NOK 118 million during the quarter and as of 31 December 2023, Ekornes had a cash position of NOK 835 million. This compares to NOK 429 million 12 months earlier and NOK 717 million at the end of the third quarter 2023.

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

Stressless®

		Q4 2023	Q4 2022	Q3 2023	Y2023	Y2022
Gross operating revenue	MNOK	829,1	785,7	672,1	3 141,6	3 645,9
Gross operating earnings (EBITDA)	MNOK	123,6	74,3	136,0	322,1	538,1
Operating earnings (EBIT)	MNOK	63,9	14,1	78,2	91,4	305,4
Operating margin (EBIT)		7,7%	1,8%	11,6%	2,9%	8,4%

Stressless® experienced soft sales in the quarter as demand continued to be impacted by tightening consumer finances from high inflation and rising living costs. This was particularly evident in the Nordics and Europe, while North America and the Asia-Pacific region performed better. Fourth-quarter revenues increased to NOK 829 million from NOK 786 million in the same period in 2022, corresponding to an increase of 6%. Compared to a seasonally weaker third quarter, revenues were up 23%.

Operating earnings (EBIT) for the quarter increased to NOK 64 million (14), corresponding to an operating margin of 7.7% (1.8%). The improved earnings reflects positive effects from cost reduction measures, somewhat lower transportation costs and unrealized gains on currency forward contracts. The market mix, with North America driving sales, also impacted the margin positively.

The Nordic markets continue to be impacted by high inflation and higher interest rates. This has caused lower purchasing power, with furniture and interior amongst the retail categories being the hardest hit. The high-end segment where Stressless® operates is even more impacted as consumers trade down to the mid- and low segments. The higher interest rates have also brought housing sales to record low levels, impacting furniture sales further. Consequently, 2024 is expected to remain tough on the furniture business as capital-intensive products are expected to face difficult times.

The European market is seeing a re-adjustment post the Covid-19 pandemic, and conditions remain subdued. Political and global stability remains a major concern, and combined with high inflation overall, consumer behaviour and order intake continued to decline during the quarter. Sales were stable during the quarter, however, market conditions softened throughout the period, and order intake for Stressless® in European markets combined was down both compared to the previous quarter and the corresponding period in 2022. Performance was particularly weak in Central Europe, and Southern Europe also experienced a decline. This was partly driven by challenging sofa sales across the region, as the quarter experienced some issues related to quality. Ekornes has taken action to address and improve service in the region. Entering 2024, promotions and market initiatives are aimed at both price point and volume stock and early indications show positive results.

Meanwhile, the UK experienced a solid increase in sales. This was partly due to stock purchases, with retailers buying stock for January, combined with targeted promotion campaigns. Classic recliners have been a major success for the UK.

Indications on the development for consumer spending in North America was a mixed bag. While retail data and post-holiday sales reports show a continued strong consumer activity in general, furniture retailers report of reduced consumer traffic. Despite this, Stressless® sales held up well during the quarter, marginally down from the corresponding period in 2022. Order intake was stable from the previous quarter and slightly up compared to the fourth quarter 2022.

Stressless® Sleep continues to be a focus for the North American sales team and during the year the placement goal of 100+ locations was met. Entering 2024, the larger mattress retailers in the Stressless® network will be addressed. Furthermore, safeguarding profitability remains a core focus. With the planned regional launch Stressless® Anna and the updated version of Stressless® Mary & Emily, Ekornes aims to raise the price level on all the power sofas.

In Asia-Pacific, order intake for Stressless® was slightly down during the quarter. While sales in China and Japan remains stable, development in the Australian market was down as consumer finances remain stressed.

The Japanese furniture market remains subdued. Consumer traffic is down for all store categories, with consumers hesitant to buy durable goods, including recliners as prices for all goods are on the rise. However, Stressless® remains competitive with high quality products at reasonable prices. Sales volumes were upheld by exclusive events and revenues for the full year were only slightly down from 2022. Going forward, sales are expected to remain slow as customers remain somewhat hesitant to purchase durable goods, and with previous top-selling models discontinued during the year, Ekornes has initiated large campaigns to promote new models.

In China, consumer spending continues to recover after three years of the Covid-19 pandemic. However, consumers are cautious as the national debt crisis caused by the weak real estate market impacts the Chinese economy. Despite the challenging environment, Ekornes delivered increased revenues from this market. With the continuous development of the Chinese economy and the rise of young consumers, imported furniture has penetrated from once wealthy families to middle-class families. The market is growing, but market competition is also more intense. The strategic ambition for Stressless® in the Chinese market remains firm, building a broad network of mono-brand Stressless® showrooms. During 2023, 12 new stores were opened in 11 cities and the future expansion plan is under development.

Continuously developing the product line of the world-famous Stressless® brand is a main priority. Efforts are ongoing to revamp existing recliners while at the same time introducing new innovative products. Furthermore, Stressless® will focus on maintaining and utilizing its strong market position in core markets to expand and grow sales. Together with a proven and flexible operating model, Stressless® is building a solid foundation for long-term profitable growth.



IMG

		Q4 2023	Q4 2022	Q3 2023	Y2023	Y2022
Gross operating revenue	MNOK	224,9	213,7	224,0	824,5	994,3
Gross operating earnings (EBITDA)	MNOK	18,1	-9,6	31,1	102,0	145,8
Operating earnings (EBIT)	MNOK	-4,5	-31,7	8,7	11,7	62,0
Operating margin (EBIT)		-2,0%	-14,8%	3,9%	1,4%	6,2%

Though market conditions continue to pressure profitability for IMG. Revenues amounted to NOK 225 million, unchanged from the previous quarter and up 5% from NOK 214 million in the corresponding period in 2022.

Operating earnings (EBIT) for the segment ended at negative NOK 5 million. This compared to an operating loss of NOK 32 million in the fourth quarter 2022.

Order intake for the year surpassed levels from 2022 in all core markets. With increased available IMG capacity, the outlook for further development for the IMG brand is positive.

In North America, IMG posted sales slightly above the corresponding period last year. Economically, the US picture is mixed. Consumer activity in general remains strong while furniture retail continues to lag other retail sectors. Order intake during the quarter was down some 10% year-over-year and entering 2024 order reserve is down 38% from 12 months earlier. Power products are the primary movers within upholstery retail and Ekornes' portfolios include several entries in this segment. However, challenges related to quality and corresponding customer claims have impacted performance during the quarter.

In Australia, the market for furniture continued to soften during the quarter, and IMG order intake for the quarter was down some 15% year-over-year. Furniture markets are expected to remain weak going forward as high inflation reduce consumer spending. Profit margin, however, increased steadily throughout 2023, mainly driven by strategic price increases and promotional offer management.

In the Nordics, Ekornes see good development for IMG as supplier to the mid-price level for traditional furniture markets. The trend is positive with increasing market shares in most markets in the region. However, the first half 2024 is expected to be challenging for the retail market and particularly for high capital investment products like furniture. Interest rates in the Nordics continued to increase during the fourth quarter 2023, and full effect will be seen in first half 2024. Housing sales remain low and in Norway a weak currency causes price increases impacting consumer purchasing power. Main priorities for Ekornes going forward is to prepare for new product launches and maintain market positions.

In Europe, IMG fourth quarter order intake was down compared to the corresponding period last year, with Central Europe and the UK seeing the weakest development. Performance in Southern Europe was somewhat better, particularly in France.

Svane®

		Q4 2023	Q4 2022	Q3 2023	Y2023	Y2022
Gross operating revenue	MNOK	70,0	76,4	57,3	252,9	288,0
Gross operating earnings (EBITDA)	MNOK	2,8	-9,6	7,1	8,3	-6,8
Operating earnings (EBIT)	MNOK	2,1	-7,8	6,3	5,2	-9,9
Operating margin (EBIT)		3,0%	-10,2%	11,0%	2,0%	-3,4%

Svane® reported revenues of NOK 70 million for the quarter. This is up 22% from a seasonally weaker third quarter 2023, but down 8% from the corresponding period in 2022. Operating earnings (EBIT) came in at NOK 22 million, compared to negative NOK 8,0 million in the fourth quarter 2022 and positive NOK 6 million in the previous quarter.

In general, Norwegian furniture retailers had a strong focus on beds and mattresses during the quarter. Activity was particularly high in November in connection with Black Week concepts, and particularly in the lower price segments, where response to discount campaigns has been good. The category is increasingly dominated by larger retailers' own brands with an increasing share of sales online, negatively impacting development for branded products. Margin pressure remains within all segments, with push for reduced prices as prices on components and other input material is coming down.

In Central Europe overall demand for beds and mattresses picked up during the quarter, with customers responding well to retailers' market activity. The positive development is mainly driven by the mid- to low price segment, while the negative trend for high-end solutions continues.

The weak trend in Denmark continued during the quarter with low store traffic and demand mainly skewed towards the mid- and low-price segment. In Finland, sales were down due to weakened purchasing power among consumers.

Entering 2024, the overall market for beds and mattresses is expected to come somewhat down. Continued demand for low-end products, focus on own brands among retailers, combined with fierce competition for market shares, margins are expected to come under pressure throughout the value chain.



Outlook

The furniture market continues at a slower post-pandemic pace as consumer finances remains constrained by rising living expenses. Ekornes has throughout 2023 adapted through several initiatives aimed at reducing cost and safeguarding profitability while delivering high-quality products timely and effectively. This includes capacity adjustments, portfolio optimization and efficiency gains, which have realised considerable cost reductions and released significant working capital.

However, with a weaker than expected second half of the fourth quarter and a slow start to 2024, order reserve continues to decline. Although the demand for quality furniture is expected to return in the longer term, the length and magnitude of the current downturn remain uncertain. The company sees the next 6-12 months as challenging and is prepared to initiate further initiatives if required, ensuring resilience and long-term competitiveness.

In current market conditions, a key priority is to offer relevant products with targeted and precise marketing campaigns. This includes pushing sales of the high-margin products and continued optimization and simplification of the product portfolio, supporting further inventory reductions. However, a slower pace is expected as further optimizations will take longer to materialize.

The company also maintains its core focus to continuously improve operational efficiency across operations and organisation, particularly for power products. The lineup has experienced strong growth since introduction in 2019 and has become a larger share of Ekornes' sales. The category is however still in its early phase with less organisational experience and lower efficiency. With a more complex production and assembly process, it will take some time to reach the same efficiency and profitability as the more traditional product portfolio. To support product innovation, increased efficiency and development of production facilities, Ekornes also expects longer-term investment level to increase from today's temporary reduced levels.

Product margins in the fourth quarter were negatively impacted by extraordinary campaigns to clear out slow-moving and to-be discontinued products. Going forward, margins are expected to gradually improve as inventory has reached a healthier level and full-year effects for implemented price increases will materialize. Changes to the product mix are, however, expected to have a lasting impact and mitigate some of the effects. Increased shipping rates from the current distress in the Red Sea could affect margins as well, although impact so far has been limited.

Ekornes has a strong balance sheet with sound liquidity. As demand for furniture and household remains subdued, the Group leverages its flexible operating model and strong brands of high-quality products and global distribution network.

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.

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

As at 31 September 2023, Ekornes employed a total of 2 784 people, of which 36% 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 1 lost-time injuries in the fourth quarter 2023. This gives an H1-value for the period of 0,7 compared to 2,6 the same period the year before.

The Group had a sickness absence rate of 3,9% in Q4 2023, compared to 4,3% in Q4 2022. For the full year, absence rate was 3,7%, compared to 4,2% in 2022.

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.

During the Covid-19 pandemic, Ekornes initiated a series of operational and financial actions to mitigate market, operational and financial risk. However, due to the "home nesting" effect with increased consumer spending on home refurbishment and furniture, the company experienced a significant rebound in demand during the second half of 2020, continuing well into 2022. At the same time, the SARS-CoV-2 virus impacted both markets and operations with shutdowns and restrictions.

During the pandemic, logistics and transportation became increasingly challenging for the furniture industry, impacting both the ability to bring products to market and secure access to input factors. An already stressed value chain became increasingly stretched by the resurgence of post-pandemic economic activity, as well as the Russian invasion of Ukraine last February.

The result has been rising inflationary pressures, not least from energy prices, which in turn is being combatted by central banks worldwide through rising interest rates. With higher prices and increasing interest rates impacting overall consumer spending, and a shift in spending away from home refurbishing and furniture, the "home nesting" effect from the pandemic has evaporated. As a result, Ekornes is facing lower economic activity that affects demand for its products, its sales channels and for other parts of the value chain.

In response, the company implemented in 2023 several initiatives to protect profitability and stay competitive through the "Focus 23" programme. The objective was to increase margins and efficiency, reduce the company's cost base and to safeguard cash flow. Initiatives included portfolio optimization, renegotiations with partners and suppliers and rightsizing of operational capacity to align with prevailing consumer demand. Combined, the programme has exceeded NOK 200 million in run-rate cost reductions and reduced working capital by more than NOK 300 million in 2023, ensuring a more resilient business model.

The demand level for Ekornes' products is continuously fluctuating and there is a risk of initiating further mitigating actions beyond those outlined above. Order intake in the beginning of 2024 suggest a continued weak market development going forward and the Group is continuously positioning itself to adjust production capacity to prevailing demand through its flexible operating model.

Ekornes has production facilities in Norway, Lithuania, Thailand and the USA. This implies that the company's market, currency and sourcing risks are naturally diversified, at the same time as the company's competitiveness is affected by changes in exchange rates versus the Norwegian krone. The Group seeks to minimize this risk by various forms of hedging, including currency forward contracts. Product development and the launch of new concepts are 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 may result in costs and earnings deviating from predictions.

For more information on the Group's risk factors and risk management, reference is made to the company's 2022 Annual Report scheduled published on ekornes.com/investor-relations.

Events after the balance sheet date

Addressing a situation of weakened demand for household and furniture products Ekornes implemented several initiatives to reduce costs and safeguard profitability through 2023. The trend of weak demand continued in the fourth quarter 2023 with reduced order intake for Stressless®, primarily in the Central-European markets.

Adapting to the situation, Ekornes on 5 January announced that the company will adjust operational capacity at the Stressless facilities in Norway through temporary redundancies of up to 10% of the 760 FTEs employed within production and assembly at the factories, and initiated negotiations with union representatives.

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, February 26th, 2024
The board of Ekornes QM Holding AS

Ruihai Zhao
Chair

Mogens Falsig
Director and CEO



Consolidated income statement

(Figures in MNOK, except per share data)	Note	Q4 2023	Q4 2022	Q3 2023	Y2023	Y2022
Gross operating revenue	2	1 124,0	1 075,8	953,4	4 219,0	4 928,2
Cost of goods sold		409,8	412,9	311,6	1 480,7	1 632,2
Payroll expenses		278,9	290,9	247,7	1 170,8	1 289,0
Depreciation and write downs	5	83,1	83,1	81,1	324,0	319,6
Other operating expenses		313,1	345,5	244,8	1 104,6	1 308,7
Net other losses (gains)	3	-21,0	-30,8	-24,3	33,9	23,3
Total operating expenses		1 063,9	1 101,6	860,8	4 114,1	4 572,7
Operating earnings (EBIT)		60,1	-25,8	92,6	104,9	355,5
Financial income		33,7	13,5	24,3	92,0	33,9
Net gains (losses) on foreign exchange		12,3	-48,8	-24,9	44,8	39,5
Financial expenses		99,0	79,0	87,6	385,5	263,7
Net financial items		-53,0	-114,3	-88,2	-248,7	-190,3
Earnings before tax (EBT)		7,1	-140,1	4,4	-143,8	165,1
Calculated tax cost (Income)		33,2	-37,0	-2,4	-3,3	26,6
Net earnings		-26,1	-103,1	6,8	-140,5	138,6
Earnings per share		-870,7	-3 436,1	226,5	-4 683,6	4 618,6
Earnings per share (diluted)		-870,7	-3 436,1	226,5	-4 683,6	4 618,6

Consolidated statement of comprehensive income

(Figures in MNOK)	Note	Q4 2023	Q4 2022	Q3 2023	Y2023	Y2022
Net earnings		-26,1	-103,1	6,8	-140,5	138,6
Other income and expenses:						
Items which can be reclassified to earnings and loss:						
Translation differences	5	-52,2	-93,1	-35,0	48,8	134,3
Total other income and expenses		-52,2	-93,1	-35,0	48,8	134,3
Total comprehensive income		-78,3	-196,2	-28,2	-91,7	272,9

Consolidated balance sheets

(Figures in MNOK)	Note	31.12.2023	30.09.2023	31.12.2022
ASSETS				
Non-current assets				
Buildings and sites		897,8	925,1	945,2
Machinery and equipment		231,3	240,4	283,1
Operating movables and fixtures		24,3	25,5	28,6
Assets under construction		21,0	22,6	5,8
Right-of-use assets		208,7	218,5	213,4
Total property, plant & equipment		1 383,1	1 432,0	1 476,0
Software and licenses		50,1	51,2	47,6
Brand name	5	1 439,5	1 449,7	1 480,2
Goodwill	5	1 561,1	1 561,1	1 561,1
Customer relations	5	1 175,5	1 224,1	1 194,2
Deferred tax assets		129,7	130,9	96,8
Total non-current intangible assets		4 355,9	4 417,0	4 379,8
Other receivables and investments		24,3	24,7	23,1
Total non-current financial assets		24,3	24,7	23,1
Non-current assets classified as held for sale	7	16,3	0,0	0,0
Total non-current assets		5 780,0	5 873,6	5 878,9
Current assets				
Inventory		715,5	863,6	1 197,2
Trade receivables		517,8	483,5	474,2
Value of forward contracts	3	20,7	0,0	0,0
Other short-term receivables		90,3	116,6	125,7
Cash and bank deposits		835,3	717,2	428,9
Total current assets		2 179,7	2 180,9	2 226,0
TOTAL ASSETS		7 959,8	8 054,5	8 104,9

Consolidated balance sheets

(Figures in MNOK)	Note	31.12.2023	30.09.2023	31.12.2022
EQUITY AND LIABILITIES				
Equity				
Contributed equity				
Share capital	8	0,2	0,2	0,1
Premium paid		3 159,3	3 159,3	2 807,4
Total contributed equity		3 159,5	3 159,5	2 807,5
Retained earnings				
Translation difference		242,1	294,3	193,2
Other equity		214,7	240,8	355,2
Total retained earnings		456,7	535,1	548,4
Total equity		3 616,2	3 694,5	3 355,9
Non-current liabilities				
Pension liabilities		7,1	7,7	7,4
Provisions		5,5	3,9	3,6
Deferred tax		773,7	786,0	783,8
Lease liabilities		164,6	174,1	171,8
Interest-bearing debt - Bond	6	1 187,7	1 188,3	0,0
Interest-bearing debt - Bank	6	1 498,9	1 593,7	0,0
Total non-current liabilities		3 637,5	3 753,6	966,6
Current liabilities				
Trade payables		172,1	175,8	189,9
Public charges payable		59,9	52,9	65,6
Tax payable		33,8	13,1	47,6
Forward currency contracts	3	0,0	10,0	2,7
Interest-bearing debt - Bank	6	96,0	0,0	1 037,5
Interest-bearing debt - Bond	6	0,0	0,0	2 020,0
Lease liabilities		61,4	61,3	58,1
Other current liabilities		281,7	293,3	361,1
Total current liabilities		704,9	606,4	3 782,5
Total liabilities		4 342,4	4 360,0	4 749,1
Liabilities classified as held for sale	7	1,2	0,0	0,0
TOTAL EQUITY AND LIABILITIES		7 959,8	8 054,5	8 104,9

Consolidated statement of cash flows

(Figures in MNOK)	Note	Q4 2023	Q4 2022	Q3 2023	Y2023	Y2022
Cash flows from operating activities						
Earnings before tax (EBT)		7,1	-140,1	4,4	-143,8	165,1
Tax paid for the period		-3,3	-40,1	-18,9	-46,7	-139,8
Depreciation and write downs		83,1	83,1	81,1	324,0	319,6
Change in inventory		148,1	210,6	84,6	481,6	75,1
Change in trade receivables		-34,2	159,6	42,0	-43,5	-25,3
Change in trade payables		-3,7	-64,8	16,0	-17,8	-142,2
Change in other time limited records*		-42,1	-84,4	-114,8	-101,6	88,1
Net cash flow from operating activities		154,9	123,8	94,4	452,2	340,5
Cash flows from investing activities						
Proceeds from sale of PP&E		0,0	0,0	0,1	0,8	9,7
Payments for purchase of PP&E		-11,8	-36,9	-12,2	-68,2	-155,1
Net Cash flows from investing activities		-11,8	-36,9	-12,1	-67,5	-145,3
Cash flows from financing activities						
Payment of lease liabilities		-23,8	-20,4	-16,4	-71,6	-62,0
Proceeds from issue of share capital		0,0	0,0	0,0	352,0	0,0
Proceeds from bond borrowings	6	0,0	0,0	0,0	1 200,0	0,0
Repayment of bond borrowings	6	0,0	0,0	0,0	-2 020,0	0,0
Proceeds from bank borrowings*	6	0,0	-12,5	0,0	-1 037,5	-50,0
Repayment of bank borrowings	6	0,0	0,0	0,0	1 600,0	0,0
Net cash flow from financing activities		-23,8	-32,9	-16,4	22,9	-112,0
Change in net cash & cash equivalents		119,3	54,0	65,9	407,6	83,3
Effect of exchange gains / (losses) on cash and cash equivalents		-1,2	8,6	0,5	-1,1	-4,5
Net cash & cash equivalents at the start of the period		717,2	366,2	650,7	428,9	350,1
Net cash & cash equivalents at the close of the period		835,3	428,9	717,2	835,3	428,9
Restricted cash at the end of the period*		21,9	149,3	15,2	21,9	149,3
Unrestricted cash at the end of the period		813,4	279,6	702,0	813,4	279,6

In the statement of cash flow, cash and bank deposits are recognized as cash. The restricted cash on 31 December 2023 are related to the payment of employee tax deductions in Norway.

*Changes from reported in Q1 2023 - NOK 12,5 million reclassified from net cash flow from operating activities to net cash from financing activities related to refinancing and reported in Q1 2023.

Consolidated statement of changes in equity

(Figures in MNOK)	Share capital	Premium paid	Translation difference	Other equity	Sum
Equity 31.12.2021	0,1	2 807,4	58,9	216,6	3 083,0
Earnings for the period	0,0	0,0	0,0	138,6	138,6
Other comprehensive income	0,0	0,0	134,3	0,0	134,3
Equity 31.12.2022	0,1	2 807,4	193,2	355,2	3 355,9
Equity 31.12.2022	0,1	2 807,4	193,2	355,2	3 355,9
Earnings for the period	0,0	0,0	0,0	-140,5	-140,5
Other comprehensive income	0,0	0,0	48,8	0,0	48,8
Proceeds from issue of share capital	0,0	352,0	0,0	0,0	352,0
Equity 31.12.2023	0,2	3 159,3	242,1	214,7	3 616,2

Notes to the consolidated financial statements

NOTE 1 Accounting principles

The consolidated financial statements for the fourth quarter 2023, closed as at 31 December 2023 have been prepared in accordance with IFRS® Accounting Standards as adopted 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 2022. The 2022 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 www.ekornes.com/en/investor-relations/reports.

The accounting principles, significant estimates, and areas where judgement is applied by the company are in conformity with those described in the financial statements for 2022.

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

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

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

(Figures in MNOK)	Q4 2023	Q4 2022	Q3 2023	Y2023	Y2022
Revenues per segment					
Stressless®	829,1	785,7	672,1	3 141,6	3 645,9
IMG	224,9	213,7	224,0	824,5	994,3
Svane®	70,0	76,4	57,3	252,9	288,0
Total	1 124,0	1 075,8	953,4	4 219,0	4 928,2
EBITDA per segment					
Stressless®	123,6	74,3	136,0	322,1	538,1
IMG	18,1	-9,6	31,1	102,0	145,8
Svane®	2,8	-6,9	7,1	8,3	-6,8
Other/eliminations *	-1,3	-0,5	-0,5	-3,4	-2,1
Total	143,2	57,3	173,7	428,9	675,0
EBIT per segment					
Stressless®	63,9	14,1	78,2	91,4	305,4
IMG	-4,5	-31,7	8,7	11,7	62,0
Svane®	2,1	-7,8	6,3	5,2	-9,9
Other/eliminations *	-1,3	-0,5	-0,5	-3,4	-2,1
Total	60,1	-25,8	92,6	104,9	355,5
Operating revenues by market					
Norway	145,8	131,5	103,9	490,0	571,4
Other Nordic	37,9	57,6	36,3	165,8	218,3
Central Europe	184,3	181,3	123,7	726,5	813,0
Southern Europe	73,2	55,8	49,4	279,1	281,1
United Kingdom/Ireland	113,5	92,5	42,3	321,9	363,6
USA/Canada/Mexico	335,4	331,4	420,3	1 499,9	1 888,1
Japan	36,9	34,1	29,9	129,5	130,8
Australia	74,2	88,5	77,9	308,7	372,8
China	83,2	51,1	40,1	180,0	159,5
Other Markets	39,7	51,9	29,7	117,6	129,4
Total	1 124,0	1 075,8	953,4	4 219,0	4 928,2

* Other/eliminations contain results from activities carried out by the parent company Ekornes QM Holding AS

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 2023, the Group entered into forward contracts, and all realised and unrealised gains and losses associated with these contracts are recognised in net other gains/(losses). In the fourth quarter, these contracts resulted in a NOK 9,7 million in realised loss and unrealised gains of 31 million. All contracts that are open as at 31 December 2023 fall due for payment in the next 12 months. As at 31 December 2023, the market value of existing forward currency contracts came to NOK 20,7 million.

(Figures in MNOK)

Total net other gains/(losses) comprises:	Q4 2023	Y2023	Q4 2022	Y2022
Realised gains/(losses) on new forward contracts	-9,7	-57,3	-8,2	-16,5
Change in value of realised and unrealised contracts	30,8	23,4	39,0	-6,8
Net other gains/(losses)	21,0	-33,9	30,8	-23,3

The following forward contracts was realized in Y2023:

Currency	Volume in Currency (Million)	Average exchange rate (in NOK)
AUD	17,9	6,74
DKK	39,0	1,40
EUR	23,3	10,36
GBP	8,4	11,94
USD	14,9	10,06

NOTE 4 No. of employees

	31.12.2023	30.09.2023	31.12.2022
Employees in Norway	1 011	1 018	1 256
Employees abroad	1 773	1 762	1 689
Total	2 784	2 780	2 945

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 1.1.2023	1 656,4	1 561,1	1 302,3	4 519,8
Accumulated depreciation 1.1.2023	176,3	0,0	263,1	439,3
The period's depreciation	40,7	0,0	68,8	109,5
Accumulated depreciation 31.12.2023	216,9	0,0	331,9	548,8
Accumulated currency translation 1.1.2023	0,0	0,0	155,0	155,0
The period's currency translation differences	0,0	0,0	50,1	50,1
Accumulated currency translation 31.12.2023	0,0	0,0	205,1	205,1
Book value 31.12.2023	1 439,5	1 561,1	1 175,5	4 176,1
Split per segment				Total
Stressless®	1 255,1	676,6	757,6	2 689,2
IMG	184,4	884,5	417,9	1 486,9
Book value 31.12.2023	1 439,5	1 561,1	1 175,5	4 176,1
	Brand name	Goodwill	Customer relationships	Total
Acquisition value 1.1.2022	1 656,4	1 561,1	1 302,3	4 519,8
Accumulated depreciation 1.1.2022	135,6	0,0	200,2	335,7
The period's depreciation	40,7	0,0	62,9	103,6
Accumulated depreciation 31.12.2022	176,3	0,0	263,1	439,3
Accumulated currency translation 1.1.2022	0,0	0,0	60,3	60,3
The period's currency translation differences	0,0	0,0	94,7	94,7
Accumulated currency translation 31.12.2022	0,0	0,0	155,0	155,0
Book value 31.12.2022	1 480,2	1 561,1	1 194,2	4 235,4
Split per segment				
Stressless®	1 283,2	676,6	759,1	2 718,9
IMG	197,0	884,5	435,0	1 516,5
Book value 31.12.2022	1 480,2	1 561,1	1 194,2	4 235,4

NOTE 6 Interest-bearing loans and credit facilities

In February 2023, Ekornes successfully refinanced outstanding debt with a NOK 1 200 million bond loan and term loan of NOK 1 600 million with DNB and Sparebank Møre. The new financing structure strengthens the financial position and supports the strategy for long-term profitable growth.

Long-term borrowing agreement 31 December 2023

Ekornes QM Holding AS has in March 2023 obtained NOK 1 600 million in term loan from DNB and Sparebanken Møre to refinance its existing debt. The old loans were repaid to DNB and Sparebank Møre on 30 March 2023.

The loan is secured with quarterly installments at NOK 32 million,- four times per year with the first instalment 30 June 2024. Interest expenses are paid quarterly. Final maturity in March 2026. NOK 96 million are classified as short term borrowing 31. December 2023

Since the refinancing and as at 31 December 2023, Ekornes was compliant with all covenant requirements in the bank agreement. Ekornes AS also has NOK 175 million in undrawn overdraft facility in DNB and Sparebanken Møre at 31 December 2023.

Senior Secured Bond at 31 December 2023

On 10 March 2023, Ekornes QM Holding AS issued a NOK 1 200 million senior secured floating rate bond issue due 10 September 2026 with ticker EKO02 (ISIN: NO0012855537). The net proceeds from the bond issue was used to refinance (in whole) the outstanding bond issue with ticker EKO01 (ISIN: NO0010848401) and general corporate purposes.

The application for the EKO02 bonds to be listed on the Oslo Stock Exchange was approved by the Financial Authority of Norway 29 June 2023. In conjunction with the new bond issue, Ekornes bought back EKO01 bonds from existing bondholders participating in the new bond issue, at a price of 103% of par. Ekornes called the remaining EKO01 bonds and the bond was repaid on 30 March 2023.

The bond agreement is subject to a set of financial covenants, including a minimum liquidity of NOK 350 million and a maximum leverage ratio of 8.0 at issuance. The maximum allowed leverage ratio has a gradual step-down mechanism towards 4.5 by first quarter 2025. The covenants are measured quarterly on a 12-month rolling basis for Ekornes QM Holding Group. 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.

Since the refinancing and on 31 December 2023, Ekornes was compliant with all covenant requirements in the bond agreement. According to bond terms the net Interest bearing debt (including leasing liabilities) is NOK 2 213,8 million at 31 December 2023 and 12-month rolling adjusted EBITDA is NOK 437,5 million. The leverage ratio at the end of the fourth quarter 2023 was 5,06 well below the maximum allowed.

NOTE 7 Held of sale

On 4 January 2023, Ekornes announced that the group will concentrate operations in Thailand, discontinue activities in Vietnam, and reduce the workforce by approximately 700 FTEs. Ekornes has made substantial investments in the production facility in Thailand to enable the concentration of all Asian operations at one location.

The two factories in Vietnam including leasing agreements will be sold and are held for sale in balance sheet 31.12.2023:

Non-current assets classified as held for sale	NOK 16,8 million.
Liabilities classified as held for sale	NOK 1,2 million.

NOTE 8 Shares and sole shareholder

As of 31 December 2023, Ekornes QM Holding AS's registered share capital comprised 30 000 ordinary shares. All shares have a face value of NOK 5.00. All shares in the company have equal voting and dividend rights. All shares give equal rights to the company's net assets.

Ekornes QM Holding AS has no treasury shares as of 31 December 2023.

As of 31 December 2023, the company's sole shareholder was

Shareholder	Country	No. of shares held	Percentage
Qumei Runto S.à.r.l.	Luxembourg	30 000	100%

As of 31 December 2023, the board has been granted the following authorizations:

The board has been granted no authorizations.



EKORNES®

EKORNES QM Holding AS

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