

*Ekornes QM Holding Group
Financial statements for the fourth
quarter and full year 2020*



HIGHLIGHTS

FOURTH QUARTER AND FULL YEAR 2020 HIGHLIGHTS

- Due to the significant rebound in consumer spending within housing, refurbishing and furniture during the second half of 2020, fourth quarter operating revenue was up 24% to NOK 1 121 million, full year operating revenue was up 10% to NOK 3 482 million
- Full year underlying sales revenue from Stressless® came in at NOK 2 539 million, up 6% from 2019, IMG revenue up 22% to NOK 672 million and Svane® revenue up 26% to NOK 271 million
- EBIT for the fourth quarter was NOK 196 million (56) and NOK 363 million for the full year (235), driven by higher sales, improved capacity utilization and stringent cost control
- Net cash flow from operations for the fourth quarter was NOK 97 million (120) and NOK 291 million (371) for the full year
- Order receipts in the fourth quarter 2020 amounted to NOK 1 173 million, at the same high level as in the previous quarter and 45% higher than the corresponding quarter in 2019. Order reserve at the end of the quarter was NOK 874 million, up 5% from previous quarter and up 133% from last year
- As new contagious mutations of the Covid-19 emerge and vaccination programmes are delayed, risk of further lockdowns remains
- Ekornes maintains preparedness and contingency plans to handle upcoming challenges, while keeping a strong focus on keeping employees safe and the ability to serve customers to ensure continued growth

RECORD HIGH ORDER RESERVE AFTER STRONG QUARTER IN ALL MARKETS AND SEGMENTS

After a major drop in demand initiated by the outbreak of Covid-19 during the second quarter, demand and order receipts in all markets and segments increased significantly during the second half of 2020, building a record high order reserve entering 2021.

In an environment with significant changes in market conditions, Ekornes' priority has been to keep its employees safe, ensure production and being able to serve markets and end customers with relevant products, while at the same time ensuring operational and financial flexibility to strengthen the company's resilience to continued market disruptions.

Throughout the first wave of Covid-19, Ekornes demonstrated high operational and financial flexibility and the ability to adapt to rapid changes in market conditions, making the company well prepared to take advantage of emerging opportunities as the market rebounded during the second half of the year. With strong focus on security of supply and short delivery times, combined with close relations to its customers, Ekornes took advantage of the strong demand seen in the second half of the year.

With new and more contagious mutations of the Covid-19 virus emerging, and vaccination programme rollouts delayed, risk of further lockdowns remain in the short term. Ekornes maintains preparedness and contingency plans to handle upcoming challenges, while maintaining a strong focus on its ability to serve customers to ensure continued growth.

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



KEY FIGURES

		Q4 2020	Q4 2019	Q3 2020	Y 2020	Y 2019
Gross operating revenue	MNOK	1 121,2	900,9	832,3	3 481,7	3 169,0
Stressless®	MNOK	810,3	672,8	580,9	2 539,1	2 402,4
IMG	MNOK	220,2	165,7	178,0	671,7	551,4
Svane®	MNOK	90,7	62,4	73,4	270,9	215,2
<i>Gross operating earnings (EBITDA)</i>	<i>MNOK</i>	<i>276,9</i>	<i>132,4</i>	<i>165,4</i>	<i>666,6</i>	<i>524,3</i>
Operating earnings (EBIT)	MNOK	195,6	56,0	92,6	363,4	235,0
Operating margin (EBIT)	%	17,4%	6,2%	11,1%	10,4%	7,4%
<i>Earnings before tax (EBT)</i>	<i>MNOK</i>	<i>126,8</i>	<i>-10,3</i>	<i>53,6</i>	<i>178,1</i>	<i>127,4</i>
Net earnings	MNOK	106,1	-94,6	41,4	142,4	100,6
<i>Net interest-bearing Debt (NIBD)</i>	<i>MNOK</i>	<i>2 046,7</i>	<i>2 163,2</i>	<i>2 080,5</i>	<i>2 046,7</i>	<i>2 163,2</i>
<i>Cash and Bank deposits end of period</i>	<i>MNOK</i>	<i>454,6</i>	<i>312,8</i>	<i>422,0</i>	<i>454,6</i>	<i>312,8</i>

FINANCIAL REVIEW

(Figures in brackets represent the corresponding period in 2019).

FOURTH QUARTER 2020 FINANCIAL REVIEW

Operating revenue was NOK 1 121 million in the fourth quarter 2020, up from NOK 901 million in the fourth quarter 2019. 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 the successful launch of new products.

Underlying sales revenue from the Stressless® segment was NOK 810 million (673). Revenue from IMG was NOK 220 million (166), while revenue from Svane® amounted to NOK 91 million (62).

Costs of goods sold amounted to NOK 309 million (273) during the quarter. Payroll expenses amounted to NOK 311 million, up from NOK 251 million in fourth quarter 2019, driven by higher activity and increased capacity within all segments. Other operating expenses amounted to NOK 260 million, compared with NOK 247 million in Q4 2019.

Operating earnings (EBIT) for the fourth quarter 2020 came in at NOK 196 million (56), corresponding to an EBIT-margin of 17% (6%). The improvement in earnings is due to higher sales, good cost control and improved efficiency through higher capacity utilization. With a relatively high share of fixed costs, particularly in Stressless® production, profitability increases with higher volumes.

For the fourth quarter 2020, net financial items were negative NOK 69 million (-66). This includes net losses on foreign exchange of NOK 32 million (-13). Financial expenses amounted to NOK 40 million during the quarter (-62).

Earnings before tax for the quarter came in at NOK 127 million (-10). Tax expense is calculated to NOK 20 million (84), which gave a net profit for the quarter of NOK 106 million (-95).

FINANCIAL REVIEW FOR THE FULL YEAR 2020

For the full year of 2020, Ekornes generated operating revenue of NOK 3 482 million (3 169). Revenues were driven by strong sales in the first quarter and a significant rebound in order receipts and sales during the second half of the year. The significant weakening of the NOK in 1H 2020 affected revenues positively.

Underlying sales revenue from the Stressless® segment was NOK 2 539 million (2 402). Revenue from IMG was NOK 672 million (551), while revenue from Svane® amounted to NOK 271 million (215).

Operating earnings (EBIT) for 2020 came in at NOK 363 million (235). The increase from 2019 is related to higher sales and improved operational efficiency, particularly during the second half of the year. The result includes NOK 12 million in net other losses (1). Compared to its main trading currencies, NOK was very weak in 1H 2020.

KEY FIGURES (CONT.)

For 2020, net financial items were negative at NOK 185 million (-108), driven by financial expenses of NOK 210 million (214), partly offset by net gains from foreign exchange of NOK 13 million (74) and financial income of NOK 12 million (32).

Earnings before tax for 2020 came in at NOK 178 million (127). Tax expense for the year is calculated to NOK 36 million (-27), which gave a net profit of NOK 142 million (101).

ORDER RECEIPTS AND ORDER RESERVE

		Q4 2020	Q4 2019	Q3 2020	Y 2020	Y 2019	CHANGE Y 2020 / Y 2019
Order receipts	MNOK	1 173,2	810,3	1 207,0	4 014,0	3 200,5	25%
Order reserve	MNOK	874,3	374,5	831,9	874,3	374,5	133%

Order receipts in the fourth quarter 2020 amounted to NOK 1 173,2 million, slightly down from NOK 1 207 million in the previous quarter and 45% higher than the corresponding quarter in 2019.

Total order receipts for the full year however, increased 11% from 2019. The development was positive in all segments. As at 31 December 2020, Ekornes' combined order reserve was NOK 874 million, up from NOK 832 million at the end of third quarter 2020 and up from NOK 375 million at the end of fourth quarter 2019, corresponding to an increase of 133% year-over-year.

BALANCE SHEET

		31.12.2020	30.9.2020	31.12.2019
Working capital*	MNOK	990,5	939,4	804,2
Bank deposits	MNOK	454,6	422,0	312,8
Total assets	MNOK	7 748,2	7 704,2	7 435,7
Interest-bearing loans	MNOK	2 501,3	2 502,5	2 481,6
Total liabilities	MNOK	4 178,7	4 134,1	3 984,5
Equity	MNOK	3 569,5	3 570,1	3 451,2
Equity ratio	%	46,1%	46,3%	46,4%
Value of forward contracts	MNOK	22,7	-11,3	-2,6
Net interest-bearing Debt (NIBD)	MNOK	2 046,7	2 080,5	2 163,2

* Working capital = trade receivables + inventory – trade payables

As at 31 December 2020, Ekornes had total assets of NOK 7 748 million, compared with NOK 7 704 million three months earlier. The increase is mainly driven by inventories and trade receivables, partly offset by reduced trade payables.

Total equity was NOK 3 570 million, corresponding to an equity ratio of 46% which is the same level as the previous quarter. Total interest-bearing debt amounted to NOK 2 501 million, nearly unchanged from three months earlier.

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

In addition to the bond, the Group has a long-term borrowing agreement with DNB. The loan is unsecured with no instalments until maturity in September 2022.

Ekornes also has short-term credit facilities with DNB and Sparebanken Møre of NOK 500 million and NOK 250 million respectively, of which NOK 750 million were available at 31 December 2020.

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.

Following a good start of the year with strong sales, 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 the year, Ekornes' financial position at 31.12.2020 was solid.

The bond agreement also includes restrictions on dividend payments from Ekornes QM Holding AS, and Ekornes QM Holding AS is not in position to distribute any dividends.

During the fourth quarter of 2020 and at 31 December 2020, Ekornes was compliant with all covenant requirements in the bond agreement. The leverage ratio at the end of the fourth quarter 2020 was 3.77

CASH FLOW

		Q4 2020	Q4 2019	Q3 2020	Y 2020	Y 2019
Net cash flow from operating activities	MNOK	96,6	120,3	40,4	290,5	371,0
Net cash flow from investing activities	MNOK	-27,7	-17,1	-28,3	-77,7	-95,2
Net cash flow from financing activities	MNOK	-29,9	-101,7	-9,5	-71,0	-75,9
Net change in cash & cash equivalents	MNOK	38,9	1,4	2,5	141,8	200,0
Cash & cash equivalents at the start of the period	MNOK	422,0	306,2	417,1	312,8	107,6
Effect of exchange gains / (losses) on cash and cash equivalents	MNOK	-6,3	5,2	2,5	0,0	5,2
Cash & cash equivalents at the close of the period	MNOK	454,6	312,8	422,0	454,6	312,8

Net cash flow from operating activities in the fourth quarter amounted to NOK 97 million (120), negatively impacted by changes in working capital. Inventories and receivables increased by NOK 85 and NOK 31 million respectively, partly offset by an increase in trade payables of NOK 65 million. Cash flow from operations in 2020 was NOK 291 million (371).

Net cash flow from investing activities was NOK -28 million in the quarter (-17), all related to ongoing investments in day-to-day operations. Cash flow from investments during 2020 amounted to NOK -78 million (-95). To ensure liquidity and financial solidity, Ekornes reduced investments to a minimum during Covid-19. Following the recent recovery, maintenance investments will revert to normal levels going forward.

Net cash flow from the financing activities was negative NOK 30 million in the quarter (-102), related to payment of lease liabilities and dividend. Cash flow from financing activities for 2020 amounted to NOK -71 million (-76).

Net change in cash and cash equivalents was positive by NOK 39 million in the quarter and NOK 142 million during 2020. As at 31 December 2020 the total holding of cash and cash equivalents amounted to NOK 455 million (313).

SEGMENTS

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



Stressless®

		Q4 2020	Q4 2019	Q3 2020	Y 2020	Y 2019
Gross operating revenue	MNOK	810,3	672,8	580,9	2 539,1	2 402,4
Gross operating earnings (EBITDA)	MNOK	219,6	106,1	114,5	502,1	433,2
Operating earnings (EBIT)	MNOK	159,6	48,9	60,3	276,1	209,0
Operating margin (EBIT)		19,7%	7,3%	10,4%	10,9%	8,7%

The positive trend seen in the third quarter continued in the fourth quarter with strong order receipts across all markets. Following a period of downscaling and lay-offs during the first phase of Covid-19, Stressless® production is now fully operational with capacity increased by some 20 % compared to pre-pandemic levels.

Operating revenue for Stressless® ended at NOK 810 million for the fourth quarter 2020, compared with NOK 673 million in the fourth quarter 2019, up 20%. For the full year, revenues amounted to NOK 2 539 million, up 6% from NOK 2 402 million in 2019. The weak NOK has contributed positively to the increase in revenues in 2020.

Operating earnings (EBIT) for the quarter ended at NOK 160 million, compared to NOK 49 million in the fourth quarter in 2019. The increase relates to increased sales, stringent cost control and higher operational efficiency, particularly related to better capacity utilization.

Stressless® has over time focused on improving commercial conditions, including product development and innovation, optimized distribution, closer customer partnerships and targeted market initiatives with updated and relevant customer offerings. The continued "cocooning" and "home nesting" effects, combined with new ranges of motorized products and increased promotional activities, increased sales of Stressless® products substantially during the quarter.

The strong sales development in the Nordic markets continued, with high demand within the recliner and dining categories. The new 2021 collection was well received, especially the new sofa collection, and combined with campaigns during the period, the order reserve is strong entering 2021.

Markets in Continental Europe experienced continued good sales, despite lockdowns in the UK and Southern Europe during the quarter. Central Europe, driven by Germany has had consecutively strong sales in the period until the lockdown in December. The sofa category experienced a major boost from the continued strong sales of power models alongside the introduction of two new sofa models. The sales development was good also for recliners during the period.

With a robust supply chain in place, the business remains in a very competitive situation going forward. Key focus going forward will be the introduction of new products, while continuing the ongoing work with the commercial platform.

The US furniture markets continues to benefit from consumers' inability to travel and from less discretionary spending on entertainment. The spike in demand for home-related goods drove a series of sales records for the North American market. With success from the motorized sofas, Stressless® had a record quarter with an increase in order receipts of 34% compared to fourth quarter 2019.

Entering 2021, the US furniture market remains strong, but demand is expected to subside as vaccines are distributed and Americans slowly can get back to normal discretionary spending on travel and leisure activities. Our main focus in 2021 will be to continue the great momentum for power product offerings.

Stressless® overall performance in Asia was solid in all markets.

In Australia, all states were operational [from 1 November] while New Zealand had business as usual. Order receipts were slightly down from the previous quarter, but up nearly 60% compared to fourth quarter 2019. New motorized recliner models were successfully introduced to Domayne, Australia's largest home retailer, and a large stock of 2021 new product was sold into the existing retail network. Conditions are looking favourable for the foreseeable future, driven by low interest rates and federal injections to the economy. Early 2021, Australia saw some new lockdowns and restrictions, but the impact on spending activity was modest so far.

In China, order receipts were up 72% from the previous quarter and 115% from the fourth quarter last year, mainly driven by power sofas and traditional recliners. Consumers tend to prefer showcased models; hence efforts will be made to push dealers into showcasing new product samples going forward. During the quarter, new dealers have been signed in the south, and throughout the year 33 new mono brand stores were opened. The work to replace under-performing dealers continues, and Ekornes has confidence in delivering good results in China in 2021.

In Japan, Stressless® maintains its strong position in the recliner market. Order receipts more than doubled during the quarter compared to last year, despite lost sales opportunities due to lack of inventory and delivery delays.



IMG

		Q4 2020	Q4 2019	Q3 2020	Y 2020	Y 2019
Gross operating revenue	MNOK	220,2	165,7	178,0	671,7	551,4
Gross operating earnings (EBITDA)	MNOK	51,4	31,0	46,6	149,9	115,5
Operating earnings (EBIT)	MNOK	31,0	8,5	28,6	75,4	49,3
Operating margin (EBIT)		14,1%	5,1%	16,1%	11,2%	8,9%

IMG recorded Q4 2020 revenues of NOK 220 million, an increase of 33% compared to Q4 2019. Operating revenue for the full year 2020 ended at NOK 672 million, up 22% from 2019. Operating earnings (EBIT) for fourth quarter came in at NOK 31 million, compared with NOK 8 million in the corresponding period 2019. Full year EBIT ended at NOK 75 million, a 53% increase from NOK 49 million in 2019.

Following an imminent drop in sales after the Covid-19 outbreak in March, activity rebounded significantly during the second half of the year. Combined with good delivery capabilities, strong promotional execution, and delivering on new large key accounts, IMG managed to commercialize on the arising market opportunity in a good way.

Order receipts remained buoyant throughout the quarter, recording a figure of NOK 230 million, a 53% increase on the corresponding period in 2019.

Performance was driven by all markets, especially the return of North America, and Scandinavia and Australia continuing the strong performance throughout the year. Results in Asia also significantly improved throughout the second half of the year. In the third quarter, IMG entered a white label agreement with US wholesaler Costco, to promote and sell selected IMG recliner models in the US market. The Costco agreement is an important first step in IMG's white label strategy, and the company is in negotiations for similar arrangements with leading distributors in other markets.





Svane®

		Q4 2020	Q4 2019	Q3 2020	Y 2020	Y 2019
Gross operating revenue	MNOK	90,7	62,4	73,4	270,9	215,2
Gross operating earnings (EBITDA)	MNOK	6,8	3,2	5,6	17,9	-6,7
Operating earnings (EBIT)	MNOK	5,9	2,4	4,9	15,2	-10,0
Operating margin (EBIT)		6,5%	3,8%	6,7%	5,6%	-4,6%

High demand combined with strong purchasing power amongst consumers, contributed to strong sales for Svane® in the fourth quarter.

Operating revenue ended at NOK 91 million during the quarter, a 45% increase from the corresponding period in 2019. Full year revenue ended at NOK 271 million, up from NOK 215 million in 2019. Operating earnings (EBIT) for fourth quarter came in at NOK 6 million, compared with NOK -4 million in the corresponding period 2019. Full year EBIT ended at NOK 15 million, a NOK 25 million improvement from the NOK -10 million result in 2019.

As for chairs and sofas, Ekornes experienced a significant increase in demand also in the bed and mattress markets due to the increased focus on home refurbishment during the Covid-19 pandemic. Due to the pandemic, Svane® experienced challenges in both the distribution and retail part of the value chain. However, through close collaboration with major clients, Svane® has executed well and maintained competitive delivery times. Along with successful campaigns and new product launches, this continues to be an advantage for Svane® in a highly competitive market.

Development was strong for Svane® in all markets. In Norway, the new collection was well received in the market, combined with a good ability to deliver driving sales. In Denmark, demand for mattress concepts remains strong, while the situation for complete bed concepts is somewhat more challenging. In Germany, the positive development continued driven by strong overall demand and supported by successful campaigns.

In addition to higher sales driving revenues, Svane's® earnings improvement is the result of recent years' programme to improve operational efficiency and profitability, including product development, brand renewal, production optimization and cost reductions.



OUTLOOK

After the first wave of Covid-19 during spring 2020, the furniture market has been driven by “cocooning” and “home nesting” effects and there have been limited negative long-term effects from shutdowns among Ekornes’ global dealer network.

Following a period of easing of actions addressing the Covid-19 situation and a cross-market rebound in demand and sales for Ekornes, Covid-19 continues to create uncertainty related to the future market development. With more contagious mutations of the Covid-19 spreading and vaccination programmes delayed, the risk of further lockdowns remain in the short term as seen in Germany, Denmark, UK and other European countries.

Throughout the crisis, in addition to prioritizing the health and safety of its employees and partners, Ekornes has focused on maintaining operational and financial flexibility to adapt to changes in market conditions. Entering 2021 the company has a solid financial position and production is high at all facilities with capacity ramping up, both through expansions and employments.

Due to the sudden demand shifts from Covid lockdown followed by a surge in demand when markets reopened, the furniture industry has been faced with significant supply chain challenges. This has affected motorised components, leather and chemicals. Ekornes took early steps to secure raw materials and alternative sourcing and combined with substantial inhouse component production, the Group has been able to keep production going and even increasing capacity where some other manufacturers were forced to shut down for shorter periods. Ekornes has also been affected by logistics capacity challenges and container shortages from Asia, which has led to significant cost pressures on sea freight at the end of 2020 and going into 2021.

Indeed, as vaccines are distributed, and society gradually moves back to normal, consumer spending on home refurbishing and furniture is expected to slow down. However, Ekornes’ focus on the ability to deliver relevant products with short delivery times has been vital for the performance seen in recent months. Alongside continued development and introduction of new products, strengthened customer collaboration, continued penetration in underdeveloped markets, combined with recent rebuild and extension of production capacity, Ekornes is well prepared to utilize emerging market opportunities also going forward.



H & S

As at 31 December 2020, Ekornes employed a total of 2 846 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 17 lost-time injuries in 2020, up from 18 injuries in 2019. This gives an H1-value for the period of 3.4, compared to 4.0 the year before.

The Group had a sickness absence rate of 2.5% in 2020, a 0.7 percentage point reduction from 2019.

RELATED PARTIES

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

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

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

RISKS AND UNCERTAINTIES

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

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

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

In general, Ekornes is exposed to risk on both the sales and purchasing sides of business in several different geographic markets. When parts of the dealer network were shut down in the first half year, Ekornes accelerated initiatives to address sales and distribution risk, including introducing e-commerce platform in cooperation with its dealer network in 11 new countries in two weeks.

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 against the NOK. The Group seeks to minimize this risk by making use of various forms of hedging, such as currency forward contracts. Product development and the launch of new concepts is one part of Ekornes' growth strategy. How the market responds to new products is always uncertain. In addition, there is always a risk of unforeseen operational problems which could result in higher operating costs and lower earnings than predicted and expected.

Reference is otherwise made to the 2019 Annual Report for more detailed information about the Group's risk factors and risk management.

EVENTS AFTER THE BALANCE SHEET DATE

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

*Oslo, February 25th, 2021
The board of Ekornes QM Holding AS*

*Ruihai Zhao
Chair*

*Mogens Falsig
Director and CEO*



CONSOLIDATED INCOME STATEMENT

<i>(Figures in MNOK, except per share data)</i>	Note	Q4 2020	Q4 2019	Q3 2020	Y 2020	Y 2019
Gross operating revenue	2	1 121,2	900,9	832,3	3 481,7	3 169,0
<i>Cost of goods sold</i>		308,8	272,7	207,4	910,1	845,6
<i>Payroll expenses</i>		311,2	251,0	250,3	1 017,9	937,7
<i>Depreciation and write downs</i>	5	81,3	76,4	72,8	303,2	289,5
<i>Other operating expenses</i>		259,8	247,0	208,8	874,8	860,6
<i>Net other losses (gains)</i>	3	-35,5	-2,2	0,5	12,3	0,6
Total operating expenses		925,6	844,9	739,7	3 118,3	2 934,0
Operating earnings (EBIT)		195,6	56,0	92,6	363,4	235,0
<i>Financial income</i>		2,9	7,7	2,2	12,0	32,2
<i>Net gains (losses) on foreign exchange</i>		-31,7	-12,5	4,6	13,0	73,8
<i>Financial expenses</i>		40,0	61,5	45,7	210,3	213,6
Net financial items		-68,8	-66,5	-39,0	-185,3	-107,6
Earnings before tax (EBT)		126,8	-10,3	53,6	178,1	127,4
<i>Calculated tax cost (Income)</i>	9	20,7	84,3	12,2	35,7	26,7
Net earnings		106,1	-94,6	41,4	142,4	100,6
Earnings are attributable to:						
<i>Controlling interests</i>		93,2	-89,5	34,5	114,9	79,4
<i>Non-controlling interests</i>		13,0	-5,1	6,9	27,5	21,2
<i>Earnings per share</i>		3 537,6	-3 154,2	1 380,4	4 746,0	3 354,9
<i>Earnings per share (diluted)</i>		3 537,6	-3 154,2	1 380,4	4 746,0	3 354,9

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<i>(Figures in MNOK)</i>	Note	Q4 2020	Q4 2019	Q3 2020	Y 2020	Y 2019
Net earnings		106,1	-94,6	41,4	142,4	100,6
Other income and expenses:						
Items which can be reclassified to earnings and loss:						
<i>Translation differences</i>	5,9	-106,7	24,9	-29,4	-2,9	50,4
Total other income and expenses		-106,7	24,9	-29,4	-2,9	50,4
Total comprehensive income		-0,6	-69,7	12,0	139,4	151,0

CONSOLIDATED BALANCE SHEETS

<i>(Figures in MNOK)</i>	Note	31.12.2020	30.9.2020	31.12.2019
ASSETS				
Non-current assets				
<i>Buildings and sites</i>		1 001,6	1 018,7	1 041,4
<i>Machinery and equipment</i>		278,7	290,8	309,8
<i>Operating movables and fixtures</i>		26,3	21,6	19,9
<i>Assets under construction</i>		19,3	9,2	16,6
<i>Right-of-use assets</i>	7	152,9	138,4	131,2
Total property, plant & equipment		1 478,8	1 478,7	1 518,8
<i>Software and licenses</i>		45,0	45,6	47,8
<i>Brand name</i>	5	1 561,5	1 571,7	1 602,2
<i>Goodwill</i>	5	1 561,1	1 561,1	1 561,1
<i>Customer relations</i>	5	1 222,0	1 333,5	1 269,0
<i>Deferred tax assets</i>		67,6	75,9	66,9
Total non-current intangible assets		4 457,2	4 587,8	4 547,0
<i>Other receivables and investments</i>		20,9	18,0	16,9
Total non-current financial assets		20,9	18,0	16,9
Total non-current assets		5 956,9	6 084,5	6 082,7
Current assets				
<i>Inventory</i>		818,1	733,3	575,4
<i>Trade receivables</i>		415,6	384,1	381,9
<i>Forward currency contracts</i>	3	22,7	0,0	0,0
<i>Other short-term receivables</i>		80,3	80,3	82,8
<i>Cash and bank deposits</i>		454,6	422,0	312,8
Total current assets		1 791,3	1 619,7	1 353,0
TOTAL ASSETS		7 748,2	7 704,2	7 435,7

CONSOLIDATED BALANCE SHEETS

<i>(Figures in MNOK)</i>	Note	31.12.2020	30.9.2020	31.12.2019
EQUITY AND LIABILITIES				
Equity				
Contributed equity				
Share capital	8	0,1	0,1	0,1
Premium paid		2 807,4	2 807,4	2 807,4
Total contributed equity		2 807,5	2 807,5	2 807,5
Retained earnings				
Translation difference		61,5	158,0	64,1
Other equity		200,6	107,4	85,7
Total retained earnings		262,0	265,4	149,8
Owner of the company		3 069,5	3 072,9	2 957,3
Non-controlling interests		500,0	497,2	493,9
Total equity		3 569,5	3 570,1	3 451,2
Non-current liabilities				
Pension liabilities		8,4	7,2	6,0
Provisions		3,6	4,0	4,4
Deferred tax	9	841,9	885,5	878,9
Lease liabilities	7	119,3	108,4	100,4
Interest-bearing debt - Bond	6	2 001,3	2 002,5	1 981,6
Interest-bearing debt - Bank	6	500,0	500,0	500,0
Total non-current liabilities		3 474,6	3 507,6	3 471,3
Current liabilities				
Trade payables		243,2	178,0	153,2
Public charges payable		77,4	59,5	63,2
Tax payable		62,7	56,5	27,3
Forward currency contracts	3	0,0	11,3	2,6
Dividend		9,2	22,5	10,5
Lease liabilities	7	38,9	34,5	34,2
Other current liabilities		272,6	264,2	222,2
Total current liabilities		704,1	626,5	513,2
Total liabilities		4 178,7	4 134,1	3 984,5
TOTAL EQUITY AND LIABILITIES		7 748,2	7 704,2	7 435,7

CONSOLIDATED STATEMENT OF CASH FLOWS

<i>(Figures in MNOK)</i>	Q4 2020	Q4 2019	Q3 2020	Y 2020	Y 2019
Cash flows from operating activities					
Earnings before tax (EBT)	126,8	-10,3	53,6	178,1	127,4
Tax paid for the period	-17,5	-22,1	-2,4	-38,2	-101,9
Depreciation and write downs	81,3	76,4	72,8	303,2	289,5
Change in inventory	-84,9	60,5	-90,9	-242,7	-18,3
Change in trade receivables	-31,4	-12,1	-26,5	-33,7	-2,4
Change in trade payables	65,3	-7,4	54,7	90,1	-4,9
Change in other time limited records	-43,0	35,2	-20,9	33,7	81,7
Net cash flow from operating activities	96,6	120,3	40,4	290,5	371,0
Cash flows from investing activities					
Proceeds from sale of PP&E	2,0	2,2	0,0	2,7	2,3
Payments for purchase of PP&E	-29,7	-19,4	-28,3	-80,4	-97,5
Net Cash flows from investing activities	-27,7	-17,1	-28,3	-77,7	-95,2
Cash flows from financing activities					
Payment of lease liabilities	-16,7	-11,7	-9,5	-48,5	-36,5
Payment of dividend	-13,2	-10,6	0,0	-22,4	-11,5
Change in net long-term debt - Bond	6	0,0	1,5	0,0	1 981,6
Change in internal loan	6	0,0	0,0	0,0	-1 897,6
Change in net short-term debt to credit institutions	6	0,0	-80,8	0,0	-111,9
Net cash flow from financing activities	-29,9	-101,7	-9,5	-71,0	-75,9
Change in net cash & cash equivalents	38,9	1,4	2,5	141,8	200,0
Effect of exchange gains / (losses) on cash and cash equivalents	-6,3	5,2	2,5	0,0	5,2
Net cash & cash equivalents at the start of the period	422,0	306,2	417,1	312,8	107,6
Net cash & cash equivalents at the close of the period	454,6	312,8	422,0	454,6	312,8
Restricted cash at the end of the period*	152,3	146,1	139,0	152,3	146,1
Unrestricted cash at the end of the period	302,3	166,7	283,0	302,3	166,7

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

* In April 2019, Ekornes QM Holding AS issued a stock exchange bond to refinance the Group and part of the condition is to have a minimum liquidity in Ekornes QM Holding AS of NOK 125 million. The rest of the restricted cash at 31 December 2020 are related to the payment of employee tax deductions.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Figures in MNOK)	Share capital	Premium paid	Translation difference	Other equity	Sum	Non-controlling interests	Total equity
Equity 31.12.2018	0,1	2 807,4	20,5	6,3	2 834,2	296,8	3 131,0
Earnings for the year	0,0	0,0	0,0	79,4	79,4	21,2	100,6
Recl. Other comprehensive income 2018	0,0	0,0	-1,9	0,0	-1,9	1,9	0,0
Other comprehensive income	0,0	0,0	45,6	0,0	45,6	4,8	50,4
Dividend	0,0	0,0	0,0	0,0	0,0	-22,0	-22,0
Debt conversion	0,0	0,0	0,0	0,0	0,0	191,2	191,2
Equity 31.12.2019	0,1	2 807,4	64,1	85,7	2 957,3	493,9	3 451,2
Equity 31.12.2019	0,1	2 807,4	64,1	85,7	2 957,3	493,9	3 451,2
Earnings for the period	0,0	0,0	0,0	114,9	114,9	27,5	142,4
Other comprehensive income	0,0	0,0	-2,7	0,0	-2,7	-0,3	-2,9
Dividend*	0,0	0,0	0,0	0,0	0,0	-21,1	-21,1
Equity 31.12.2020	0,1	2 807,4	61,5	200,6	3 069,5	500,0	3 569,5

*Dividend from Ekornes Holding AS

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 ACCOUNTING PRINCIPLES

The consolidated financial statements for the fourth quarter 2020, closed as at 31 December 2020, 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 2019. The 2019 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 ir.Ekornes.com.

The accounting principles used in the preparation of these interim financial statements are the same as those applied to the consolidated financial statements for 2019.

NOTE 2 BUSINESS AREAS – SEGMENTS - MARKETS

Segments

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

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

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

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

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

(Figures in MNOK)	Q4 2020	Q4 2019	Q3 2020	Y 2020	Y 2019
Revenues per segment					
Stressless®	810,3	672,8	580,9	2539,1	2 402,4
IMG	220,2	165,7	178,0	671,7	551,4
Svane®	90,7	62,4	73,4	270,9	215,2
Total	1 121,2	900,9	832,3	3 481,7	3 169,0
EBITDA per segment					
Stressless®	219,6	106,1	114,5	502,1	433,2
IMG	51,4	31,0	46,6	149,9	115,5
Svane®	6,8	3,2	5,6	17,9	-6,7
Other/eliminations *	-0,9	-8,1	-1,3	-3,3	-17,7
Total	276,9	132,3	165,4	666,6	524,3
EBIT per segment					
Stressless®	159,6	48,9	60,3	276,1	209,0
IMG	31,0	8,5	28,6	75,4	49,3
Svane®	5,9	2,4	4,9	15,2	-10,0
Other/eliminations *	-0,9	-3,7	-1,3	-3,3	-13,3
Total	195,6	56,0	92,6	363,4	235,0
Operating revenues by market					
Norway	163,0	130,2	119,1	503,4	431,6
Other Nordic	59,1	47,6	54,3	204,3	171,8
Central Europe	191,1	160,2	126,2	640,0	578,0
Southern Europe	53,9	60,1	49,0	195,6	215,9
United Kingdom/Ireland	77,2	53,8	59,5	229,7	210,2
USA/Canada/Mexico	348,0	287,4	248,3	1 054,8	990,0
Japan	48,8	35,9	37,1	138,2	139,8
Australia	96,4	75,5	74,8	286,0	219,3
China	45,9	37,5	31,3	110,3	113,6
Other Markets	37,8	12,8	32,8	119,4	98,8
Total	1 121,2	900,9	832,3	3 481,7	3 169,0

* 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. IMG and Svane® have no currency hedging. 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, 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 2020, these contracts resulted in a NOK 37.6 million realised loss and a unrealised gain of 25.3 million. All contracts that are open as at 31 December 2020 fall due for payment in the next 12 months. As at 31 December 2020, the market value of existing forward currency contracts came to NOK 22.7 million.

(Figures in MNOK)

Total net other losses/(gains) comprises:	Y 2020	Y 2019
Realised losses/(gains) on new forward contracts	37,6	21,7
Change in value of realised and unrealised contracts	25,3	21,1
Net other losses/(gains)	12,3	0,6

The following net foreign exchange volume was undertaken in the Y 2020:

Currency	Volume in Currency (Million)	Average exchange rate (in NOK)
AUD	14,3	6,164272
DKK	49,8	1,357724
EUR	35,5	10,180261
GBP	10,7	11,460189
USD	16,4	8,880188

NOTE 4 NO. OF EMPLOYEES

	31.12.2020	30.9.2020	31.12.2019
Employees in Norway	1 152	1 042	1 025
Employees abroad	1 694	1 454	1 202
Total	2 846	2 496	2 227

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 10 years for the IMG segment. For brands, the estimated lifetime is estimated at 50 years for the Stressless segment and 10 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").

<i>(Figures in MNOK)</i>	Brand name	Goodwill	Customer relationships	Total
Acquisition value 1.1.2020	1 656,4	1 561,1	1 302,3	4 519,8
Accumulated depreciation 31.12.2019	54,2	0,0	78,0	132,3
<i>The year's depreciation</i>	40,7	0,0	63,0	103,7
Accumulated depreciation 31.12.2020	94,9	0,0	141,0	235,9
Accumulated currency translation differences 31.12.2019	0,0	0,0	44,7	44,7
<i>Currency translation differences in 2020</i>	0,0	0,0	16,0	16,0
Accumulated currency translation 31.12.2020	0,0	0,0	60,7	60,7
Book value 31.12.2020	1 561,5	1 561,1	1 222,0	4 344,6
Split per segment				
<i>Stressless®</i>	1 339,4	676,6	769,5	2 785,4
<i>IMG</i>	222,2	884,5	452,5	1 559,2
Book value 31.12.2020	1 561,5	1 561,1	1 222,0	4 344,6
	Brand name	Goodwill	Customer relationships	Total
Acquisition value 31.12.2019	1 656,4	1 645,6	1 302,3	4 604,3
Accumulated depreciation 31.12.2018	13,6	0,0	19,0	32,6
<i>The year's depreciation</i>	40,7	0,0	59,0	99,7
Accumulated depreciation 31.12.2019	54,2	0,0	78,0	132,3
<i>Currency translation differences</i>	0,0	0,0	44,7	44,7
<i>Reassessment PPA</i>	0,0	-84,5	0,0	-84,5
Book value 31.12.2019	1 602,2	1 561,1	1 269,0	4 432,3
Split per segment				
<i>Stressless®</i>	1 367,5	676,6	792,9	2 837,0
<i>IMG</i>	234,7	884,5	476,1	1 595,3
Book value 31.12.2019	1 602,2	1 561,1	1 269,0	4 432,3

NOTE 6 INTEREST-BEARING LOANS AND CREDIT FACILITIES

The Group regularly assesses its capital structure and risk profile. In April 2019, Ekornes QM Holding AS issued a stock exchange bond to refinance the Ekornes QM Holding Group. As a result, the loan from Qumei Runto S.A.R.L. to Ekornes QM Holding AS of NOK 1 832,4 million including accrued interest as of 31 March 2019, was paid in full in April 2019.

(Figures in MNOK)

Short-term borrowing agreement 31 December 2020	Credit facility	Amount drawn	Available
DNB	500,0	0,0	500,0
Sparebank Møre	250,0	0,0	250,0
Total	750,0	0,0	750,0

Long-term borrowing agreement 31 December 2020

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

Senior Secured Bond at 31 December 2020

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 2019:

Bond	FRN Ekornes QM Holding AS Senior Secured Callable Bond Issue 2019/2023
Ticker:	EKO01
Currency	NOK
Issue Amount	2 000
NIBOR 3M	0,28% (0,5% from 2. January 2021)
Margin	7,00%
Coupon	7,28% (7,5% from 2. January 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 12 months rolling basis for Ekornes QM Holding Group.

Following a good start of the year with strong sales, Ekornes experienced a significant impact on operations when the majority of the western world in mid-March was put in lockdown due to Covid-19. Due to the new situation, Ekornes performed stress tests on key financial indicators, with satisfactory results. However, with the outlook for a negative impact on earnings short- to mid-term, the leverage ratio could be above the level outlined in the bond agreement by the end of second quarter 2020, and the company reached out to bond holders, requesting 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 fourth quarter of 2020 and at 31 December 2020, the group was compliant with all covenants requirements in the bond agreement. Leverage ratio at the end of the third quarter 2020 was 3.77

NOTE 7 LEASING

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

(Figures in MNOK)

Right of use assets	Total
Balance at 1.1.2020	131,2
Depreciations	-46,6
Additions	70,7
Disposals	-0,7
Currency exchange differences	-1,7
Balance at 31.12.2020	152,9
Lease liabilities	
Maturity analysis - contractual undiscounted cash flows	
Less than one year	42,4
One to five years	91,3
More than five years	37,9
Total undiscounted lease liabilities at 31.12.2020	171,6
Lease liabilities included in the statement of financial position at 31.12.2020	
Current	38,9
Non-current	119,3

NOTE 8 SHARES AND SHAREHOLDERS

As of 31 December 2020, Ekornes QM Holding AS's registered share capital comprised 30 000 ordinary shares. All shares have a face value of NOK 4.00. All shares in the company have equal voting and dividend rights. All shares give equal rights to the company's net assets.

Ekornes QM Holding AS has no treasury shares as of 31 December 2020.

As at 31 December 2020, the company's sole shareholder was

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

As at 31 December 2020, the board has been granted the following authorizations:

The board has been granted no authorizations.

NOTE 9 DEFERRED TAX

In connection with the purchase price allocation following the acquisition of Ekornes AS, excess values were identified related to brand names, customer relationships, real estate and fixed assets. Deferred tax relating to allocated excess values at the time of acquisition was estimated and capitalized with NOK 878.7 million at 31 December 2019. We had also NOK 0.2 million in other deferred tax at 31.12.2019. Total NOK 878.9 million at 31 December 2019

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 deferred tax liabilities, which will be recognized through other comprehensive income ("OCI").

(Figures in MNOK)

Deferred tax liabilities 31.12.2019	878,9
<i>Change taxes recognized through income statement</i>	-42,3
<i>Change taxes recognized through other comprehensive income ("OCI").</i>	5,2
Deferred tax liabilities 31.12.2020	841,9



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