

EKORNES®

# FINANCIAL STATEMENTS

for the first quarter

2024

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EKORNES  
QM HOLDING  
GROUP

# Highlights

## First quarter 2024 results

- Q1 2024 operating revenue of NOK 973 million, down 14 % from Q1 2023 on lower consumer demand
- Stressless® and Svane® revenues declined 19% and 16% year-over-year, respectively, while IMG revenues increased by 10% following improved operational performance in Asia
- Q1 2024 operating earnings (EBIT) of NOK -40 million (-31), impacted by lower revenue, one-off costs related to capacity reductions and unrealized losses on forward currency contracts
- Net cash flow from operating activities positive at NOK 59 million (32), reflecting good operational performance and continued reduction in working capital
- Strong financial position and sound liquidity, with cash position of NOK 865 million as at 31 March 2024
- High volatility in orders during the quarter with total order intake ending at NOK 1 080 million, down 10% year-over-year
- Order reserve as at 31 March 2024 of NOK 563 million, down 30% from Q1 2023 but up 20% from Q4 2023

## Continued weak market sentiment

The market for mid-market and premium furniture remains subdued amidst low consumer demand, adding stress to the entire value chain. This affected Ekornes' performance in the first quarter, with revenues and order intake declining compared to the corresponding period in 2023. Variations between markets persist, with Europe performing relatively weaker. This is particularly impacting Stressless® revenues as the segment has a relatively larger exposure in this region than IMG and Svane®.

The decline is seen across segments and products, although the sofa and dining offerings delivered a more stable performance. In addition, sales were volatile with significant fluctuations from week to week. With the weak trend continuing into the second quarter, the outlook remains challenging as higher volatility has reduced market visibility for the coming 6-12 months.

Facing softer markets, Ekornes adjusted production to prevailing demand, announcing temporary layoffs at its Stressless® facilities in Norway and reduced capacity in Asia

during the first quarter. Alongside unrealized currency losses on forward contracts, one-off costs related to the capacity adjustments impacted the profitability in the quarter.

Ekornes continued to reduce inventories, clearing out slow-moving and discontinued products. Over the last 12 months, Ekornes has released nearly NOK 400 million of inventory, supporting a strong cash development. As inventories have reached more sustainable levels, further reductions will be contingent on larger adjustments to product portfolio and portfolio strategy, which will take longer time to materialize. Meanwhile, the Group maintains its focus on transforming and sharpening the global product offering and further modernizing the development of the unique Ekornes brands. Over time, this will reduce complexity and simplify operations across Ekornes' value chain.

As market conditions remain challenging, Ekornes has a flexible operating model and is continuously evaluating its positioning, ensuring resilience and long-term competitiveness.



# Company history and ownership

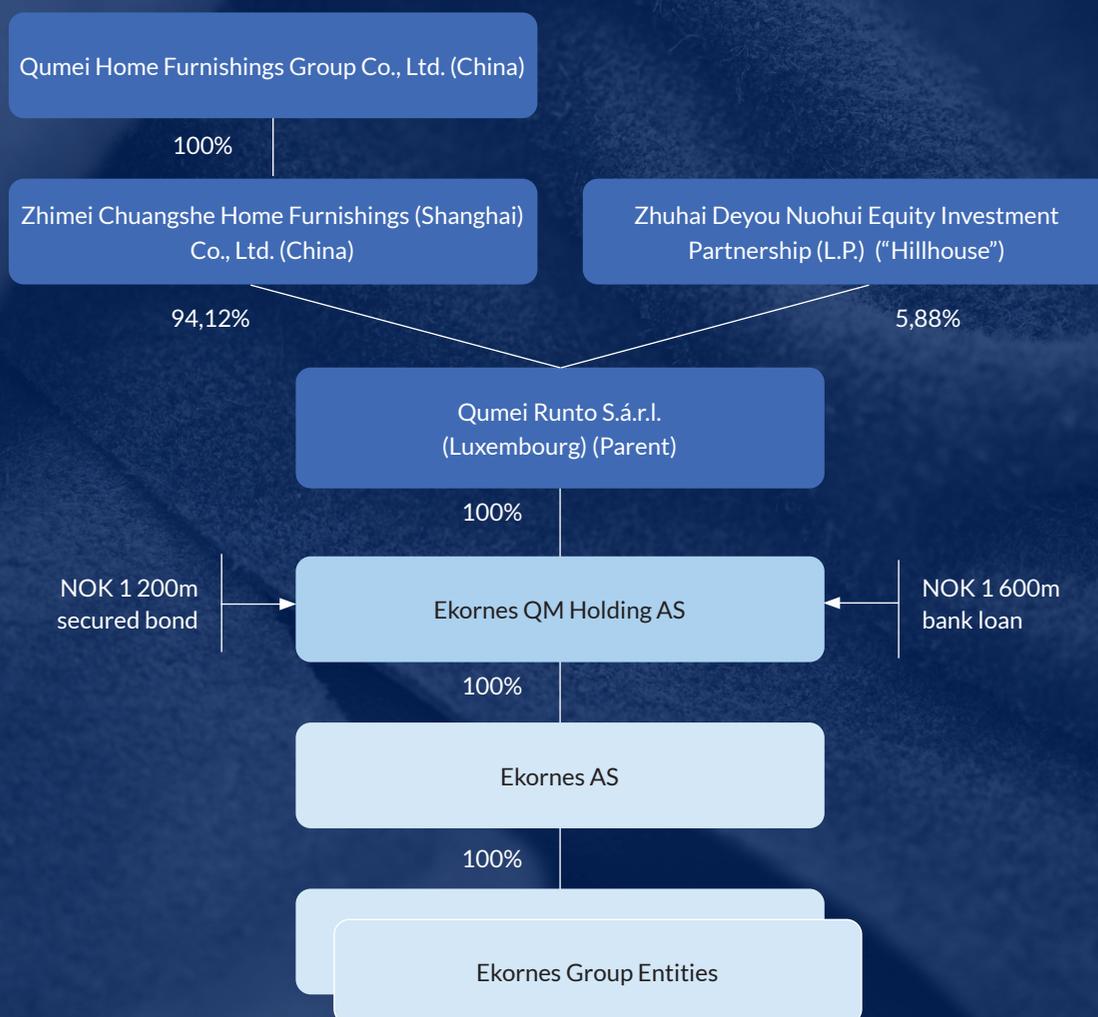
Ekornes QM Holding AS was founded 4 January 2018 with the purpose of acquiring the Ekornes Group. In May 2018, an offer was made to purchase the shares of all Ekornes shareholders. The share purchase was completed in August 2018 and Ekornes AS was delisted from the Oslo Stock Exchange in October 2018.

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 March 2024.

Ekornes QM Holding AS had, as at 31 March 2024, 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 March 2024)



# Key figures

		Q1 2024	Q1 2023	Q4 2023	Y2023
<b>Gross operating revenue</b>	<b>MNOK</b>	<b>973,4</b>	<b>1 134,6</b>	<b>1 124,0</b>	<b>4 219,0</b>
Stressless®	MNOK	729,9	895,8	829,1	3 141,6
IMG	MNOK	182,3	165,7	224,9	824,5
Svane®	MNOK	61,1	73,1	70,0	252,9
Gross operating earnings (EBITDA)	MNOK	37,5	48,1	143,2	428,9
<b>Operating earnings (EBIT)</b>	<b>MNOK</b>	<b>-39,9</b>	<b>-31,1</b>	<b>60,1</b>	<b>104,9</b>
<b>Operating margin (EBIT)</b>	<b>%</b>	<b>-4,1%</b>	<b>-2,7%</b>	<b>5,4%</b>	<b>2,5%</b>
Earnings before tax (EBT)	MNOK	-101,8	-75,5	7,1	-143,8
<b>Net earnings</b>	<b>MNOK</b>	<b>-78,3</b>	<b>-57,8</b>	<b>-26,1</b>	<b>-140,5</b>
Net interest-bearing Debt (NIBD)	MNOK	1 935,2	2 271,8	1 964,7	1 964,7
Cash and Bank deposits end of period	MNOK	864,8	528,2	835,3	835,3

## FINANCIAL REVIEW

(Figures in brackets represent the corresponding period in 2023).

### FIRST QUARTER 2024 FINANCIAL REVIEW

First quarter 2024 operating revenues came in at NOK 973 million, down 14% from the first quarter 2023, reflecting lower demand as consumer purchasing power remains subdued due to the overall increase in the cost of living. First quarter revenues were also impacted by a weak order intake towards the end of 2023, entering 2024 with a low order reserve. Generally, the decline occurred across the product offering, although sales of sofas and dining products held up better.

Revenues from the Stressless® segment was NOK 730 million, down 19% from the first quarter 2023, with market development being particularly weak in Europe and China. Revenues from IMG grew 10% to NOK 182 million, driven by resilient demand for mid-segment products and improved efficiency at the Thailand production facility. Svane® revenues decreased by 16% to NOK 61 million, in line with a weak market development. See note 2 in the financial statements for more information on segments.

Cost of goods sold ended at NOK 312 million (397), corresponding to 32% of operating revenues (35%). The improvement was driven by lower raw material prices year-over-year as well as full year effects of price increases. Prices of input factors have been stable during the quarter.

Payroll expenses decreased by 11% to NOK 304 million (344), reflecting restructuring of operations and a higher share of

the workforce outside of Norway. Payroll expenses for the first quarter also included one-off costs related to adjusted production capacity. Other operating expenses came in at NOK 276 million (289), down 5% due to lower transportation costs as shipping rates have declined.

Net other losses amounted to NOK 43 million (56), mainly related to unrealized losses on currency forward contracts. See note 3 in the financial statements for more information.

Total operating expenses for the period ended at NOK 1 013 million, down 13% from NOK 1 166 million in the first quarter 2023. Compared to the previous quarter, operating expenses declined by 5%.

Operating earnings (EBIT) for the quarter were NOK -40 million (-31), corresponding to an EBIT margin of -4.1%. This compares to negative 2.7% in the first quarter 2023 and positive 5.4% in the previous quarter. The negative margin reflects weaker revenues for the quarter, one-offs related to capacity adjustments and unrealized losses on currency forward contracts.

Net financial items for the quarter were NOK -62 million (-44). This includes financial expenses of NOK 98 million (116), partly offset by NOK 31 million in financial income (17). Net foreign exchange gains came in at NOK 5 million (55).

Earnings before tax for the first quarter 2024 ended at NOK -102 million (-76). Tax benefit for the period is calculated at NOK 23 million (18), resulting in a net loss for the quarter of NOK 78 million. This compares to a net loss of NOK 58 million in the first quarter 2023.

## Order receipts and order reserve

		Q1 2024	Q1 2023	Q4 2023	Change Q1 2024 / Change Q1 2023
Order receipts	MNOK	1 079,6	1 202,6	969,8	-10%
Order reserve	MNOK	563,1	804,4	467,8	-30%

Order receipts in the first quarter 2024 amounted to 1 080 million, down 10% from NOK 1 203 million in the first quarter 2023. Compared to the fourth quarter 2023, order receipts were up 11%.

As at 31 March 2024, Ekornes' combined order reserve was NOK 563 million, down 30% from NOK 804 million at the end of the first quarter 2023. The order reserve at the end of the previous quarter was NOK 468 million.

## Balance Sheet

		31.3.2024	31.03.2023	31.12.2023
Working capital*	MNOK	1 038,8	1 485,3	1 061,2
Bank deposits	MNOK	864,8	528,2	835,3
Total assets	MNOK	8 016,6	8 212,4	7 959,8
Interest-bearing loans	MNOK	2 800,0	2 800,0	2 800,0
Total liabilities including held for sales	MNOK	4 400,6	4 468,1	4 343,6
Equity	MNOK	3 616,0	3 744,4	3 616,2
Equity ratio	%	45,1 %	45,6%	45,4 %
Value of forward contracts	MNOK	-13,4	-40,9	20,7
Net interest-bearing Debt (NIBD)	MNOK	1 935,2	2 271,8	1 964,7

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

As at 31 March 2024, Ekornes had total assets of NOK 8 017 million, slightly up from NOK 7 960 million three months earlier. The increase mainly follows increased current liabilities, driven by higher trade payables and changes in the value of currency forward contracts. Inventory decreased by NOK 10 million while trade receivables increased by NOK 19 million. Other short-term receivables decreased NOK 14 million during the period. Cash and bank deposits increased by NOK 30 million.

Total equity was NOK 3 616 million at the end of the quarter. This corresponds to an equity ratio of 45%, unchanged from three months earlier.

Total interest-bearing debt at the end of the period amounted to NOK 2 800 million (excluding 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 loan and a NOK 1.6 billion term loan with DNB and Sparebanken Møre. The bank loan matures in March 2026, while the bond loan matures in September 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.

### 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 at the end of 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. 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 March 2024, Ekornes was compliant with all covenant requirements in the bond agreement. The leverage ratio at the end of the first quarter 2024 was 5.20, well below the maximum allowed.

## Cash flow

		Q1 2024	Q1 2023	Q4 2023	Y 2023
Net cash flow from operating activities	MNOK	58,8	32,3	154,9	452,2
Net cash flow from investing activities	MNOK	-9,9	-21,3	-11,8	-67,5
Net cash flow from financing activities	MNOK	-17,5	79,0	-23,8	22,9
<b>Change in net cash &amp; cash equivalents</b>	<b>MNOK</b>	<b>31,4</b>	<b>89,9</b>	<b>119,3</b>	<b>407,6</b>
Effect of exchange gains / (losses) on cash and cash equivalents	MNOK	-1,9	9,5	-1,2	-1,1
Net cash & cash equivalents at the start of the period	MNOK	835,3	428,9	717,2	428,9
<b>Net cash &amp; cash equivalents at the close of the period</b>	<b>MNOK</b>	<b>864,8</b>	<b>528,2</b>	<b>835,3</b>	<b>835,3</b>

Net cash flow from operating activities in the first quarter 2024 was NOK 59 million (32), driven by a NOK 22 million reduction in working capital and changes in other limited records of NOK 63 million. The amount includes an increase in current liabilities from the unrealized losses on forward currency contracts mentioned above.

Net cash flow from investing activities was negative NOK 10 million in the quarter (-21), all related to ongoing investments in day-to-day operations. As part of the initiatives to safeguard operations through times of softer markets, Ekornes has temporarily reduced investments to ensure adequate cash flow generation. Going forward, the investment level is expected to increase somewhat from the temporary very low levels to support product innovation and to develop production facilities, enabling future profitable growth.

Net cash flow from financing activities was negative at NOK 17 million during the quarter, solely relating to payment of lease liabilities. The amount compares to positive NOK 79 million in the corresponding period in 2023, which included proceeds from issue of new equity and refinancing of bond and bank debt.

Net change in cash and cash equivalents was positive NOK 31 million during the quarter and as of 31 March 2024, Ekornes had a cash position of NOK 865 million. This compares to NOK 528 million 12 months earlier and NOK 835 million at the end of the fourth quarter 2023.



## Market review

From the first quarter 2024 onwards, Ekornes will provide information on market development by region. Financial information on segments is available in note 2 in the financial statements.

### THE NORDICS

The Nordic markets continued to be impacted by tight consumer finances in the quarter as the overall cost of living remains high. This had the most impact on the high-end Stressless® offerings, where an observed trend is customers favouring lower-priced alternatives such as IMG and large segment chain offerings. However, store footfall has picked up as consumers expect interest rates to peak during the year, providing a positive outlook for purchasing power. In Norway and Denmark, targeted sales campaigns gave good results as well, particularly for recliners and dining products. Moving towards the summer, activity is expected to continue its positive trend with several planned Stressless® fairs, product launches and summer campaigns.

### EUROPE

The European markets were volatile with significant fluctuations throughout the quarter. This particularly impacted the Stressless® segment which has a relatively larger market share in Europe compared to other brands in the Ekornes group. In the UK, the overall furniture market is struggling in the post-pandemic phase with lower consumer activity and spending. This has driven consumers to lower priced alternatives, resulting in larger furniture chains gaining market shares. The same pattern is seen in Central Europe, notably due to the weak German economy, which has increased price sensitivity, supporting sales growth of IMG products. However, Stressless® recliner sales have also held up well, while sofa and dining products posted softer sales.

In Southern Europe, furniture markets were affected by a housing market in decline, impacting household spending and increasing focus on discounting campaigns. Addressing the weaker European markets, Ekornes is intensifying promotion campaigns and has several initiatives planned for the summer. The company is also maintaining a selective partnership strategy and has attracted new large retailers in the region which have several events planned in the upcoming period.

### NORTH AMERICA

In North America, sales saw an uptick from the previous quarter, although still somewhat down from the corresponding period in 2023. The US economy is showing strength and consumer confidence is increasing. The overall furniture sector, however, continues to trail with an overall year-over-year reduction in retail sales in the region. Entering the second quarter, several Stressless® spring campaigns are planned, featuring new displays and launches of dealer

specials, all supporting sales in the region.

For IMG, motion relaxers continue to be the best-selling products in the US. Ekornes keeps a sharp focus on supporting continued growth of this lineup while driving sales of sofas through increased store displays at the upcoming furniture fairs.

### ASIA-PACIFIC

In the Asia-Pacific region, performance varied significantly between markets. Australia and New Zealand delivered decent performance with order intake in line with the corresponding quarter in 2023 despite softer markets. The performance was supported by successful summer campaigns during January and February and improved efforts on digital marketing activity. The region is also leveraging the common storage facility for Stressless® and IMG which was opened in the second quarter 2023.

Japan delivered weak sales compared to last year alongside inflation picking up and continued low footfall in stores. Priorities include maintaining a strong market position for Stressless® while expanding the IMG business.

On the downside, China saw a sharp decline in sales during the quarter as retailers' inventories were stocked up from a very strong fourth quarter 2023. Chinese New Year celebrations also reduced order intake during the period, with a slow recovery in the weeks to follow. In general, the country remains impacted by a sluggish real estate market which has reduced new housing sales and spending on furniture. In response, Ekornes is utilizing a broad marketing strategy in China with several planned showroom openings and targeted promotion campaigns. Combined with retailers selling out inhouse stock over the coming quarters, a gradual recovery in the Chinese markets is expected during the year.

## Outlook

First quarter sales saw a general decline across segments and products, as well as a volatile development throughout the period. As this trend has continued into the second quarter, the outlook for the coming 6-12 months remains challenging. The current market conditions, with large variations and high volatility, have also reduced visibility.

As the market for household and furniture continues at a slower post-pandemic pace, Ekornes is upholding focus on adjusting operations and business to prevailing demand. During the first quarter, the production level was reduced in response to weak order intake. Ekornes expects to continue operating at reduced capacity as markets remain subdued, although a slow and gradual increase in capacity is expected throughout the year.

Moreover, the weak revenues and one-offs related to adjusted production capacity impacted first quarter profitability alongside unrealized losses on currency forward contracts. Going forward, the company expects positive margin contributions from stabilized raw material prices and full-year effects of implemented price increases. However, profitability remains under pressure from low sales volume and capacity

utilization, as well as lasting impact from changes to product mix of sold products.

Safeguarding cash flow in a softer market sentiment, Ekornes has temporarily reduced investments to extra ordinarily low levels. To support product innovation, increased efficiency and development of production facilities, the company expects the investment level to gradually increase from current levels.

Succeeding in current markets requires the organization to excel. Building on Ekornes' strong foundation, the focus lies on improving productivity by streamlining operations across the value chain while maintaining strict cost control. In addition, efforts continue to simplify and optimize the product portfolio while upping the standards for execution quality and time-to-market for new products. Although this transformation will take time to materialize, it will lay the foundation for long-term profitable growth.



## H & S

As at 31 March 2024, Ekornes employed a total of 2 662 people, of which 37% 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 5 lost-time injuries in the first quarter 2024. This gives an H1-value for the period of 4,2 compared to 4,3 the same period the year before.

The Group had a sickness absence rate of 4,0% in Q1 2024, compared to 3,9% in Q1 2023.

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## 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 in February 2022.

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 throughout 2023 several initiatives to protect profitability and reduce costs, including portfolio optimization, renegotiations with partners and suppliers and rightsizing of operational capacity. The

demand for Ekornes' products is continuously fluctuating and there is a risk of initiating further mitigating actions beyond those outlined above. The Group is continuously positioning the business to prevailing demand through its flexible operating model, ensuring resilience and long-term competitiveness.

Order intake to-date in 2024 indicates a continued weak market development, high volatility and lowered visibility into the second half of the year. This may impact profitability and the Group's financial position. The Group is monitoring the situation and will implement relevant measures if necessary.

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 2023 Annual Report published on [ekornes.com/en/investor-relations/reports](https://ekornes.com/en/investor-relations/reports).

## 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.

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

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## 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.

Oslo, April 29th, 2024  
The board of Ekornes QM Holding AS

Ruihai Zhao  
Chair

Mogens Falsig  
Director and CEO



## Consolidated income statement

(Figures in MNOK)	Note	Q1 2024	Q1 2023	Q4 2023	Y2023
<b>Gross operating revenue</b>	<b>2</b>	<b>973,4</b>	<b>1 134,6</b>	<b>1 124,0</b>	<b>4 219,0</b>
Cost of goods sold		312,5	397,5	409,8	1 480,7
Payroll expenses		304,2	343,7	278,9	1 170,8
Depreciation and write downs	5	77,4	79,2	83,1	324,0
Other operating expenses		275,9	289,5	313,1	1 104,6
Net other losses (gains)	3	43,2	55,8	-21,0	33,9
<b>Total operating expenses</b>		<b>1 013,2</b>	<b>1 165,6</b>	<b>1 063,9</b>	<b>4 114,1</b>
<b>Operating earnings (EBIT)</b>		<b>-39,9</b>	<b>-31,1</b>	<b>60,1</b>	<b>104,9</b>
Financial income		31,2	16,6	33,7	92,0
Net gains (losses) on foreign exchange		4,5	54,9	12,3	44,8
Financial expenses		97,7	115,9	99,0	385,5
<b>Net financial items</b>		<b>-61,9</b>	<b>-44,4</b>	<b>-53,0</b>	<b>-248,7</b>
<b>Earnings before tax (EBT)</b>		<b>-101,8</b>	<b>-75,5</b>	<b>7,1</b>	<b>-143,8</b>
Calculated tax cost (Income)		- 23,5	-17,7	33,2	-3,3
<b>Net earnings</b>		<b>-78,3</b>	<b>-57,8</b>	<b>-26,1</b>	<b>-140,5</b>
Earnings per share		-2 611,5	-1 927,3	-870,7	-4 683,6
Earnings per share (diluted)		-2 611,5	-1 927,3	-870,7	-4 683,6

## Consolidated statement of comprehensive income

(Figures in MNOK)	Note	Q1 2024	Q1 2023	Q4 2023	Y2023
<b>Net earnings</b>		<b>-78,3</b>	<b>-57,8</b>	<b>-26,1</b>	<b>-140,5</b>
<b>Other income and expenses:</b>					
<b>Items which can be reclassified to earnings and loss:</b>					
Translation differences	5	78,2	94,3	-52,2	48,8
<b>Total other income and expenses</b>		<b>78,2</b>	<b>94,3</b>	<b>-52,2</b>	<b>48,8</b>
<b>Total comprehensive income</b>		<b>-0,2</b>	<b>36,5</b>	<b>-78,3</b>	<b>-91,7</b>

# Consolidated balance sheets

(Figures in MNOK)	Note	31.3.2024	31.3.2023	31.12.2023
<b>ASSETS</b>				
<b>Non-current assets</b>				
Buildings and sites		906,9	945,7	897,8
Machinery and equipment		201,5	258,0	231,3
Operating movables and fixtures		22,7	29,0	24,3
Assets under construction		23,5	32,8	21,0
Right-of-use assets		199,9	218,1	208,7
<b>Total property, plant &amp; equipment</b>		<b>1 354,5</b>	<b>1 483,6</b>	<b>1 383,1</b>
Software and licenses		52,1	46,7	50,1
Brand name	5	1 429,3	1 470,0	1 439,5
Goodwill	5	1 561,1	1 561,1	1 561,1
Customer relations	5	1 213,2	1 253,1	1 175,5
Deferred tax assets		153,9	97,3	129,7
<b>Total non-current intangible assets</b>		<b>4 409,7</b>	<b>4 428,2</b>	<b>4 355,9</b>
Other receivables and investments		24,1	26,8	24,3
<b>Total non-current financial assets</b>		<b>24,1</b>	<b>26,8</b>	<b>24,3</b>
<b>Non-current assets classified as held for sale</b>	7	17,0	0,0	16,3
<b>Total non-current assets</b>		<b>5 805,3</b>	<b>5 938,7</b>	<b>5 780,0</b>
<b>Current assets</b>				
Inventory		705,2	1 093,4	715,5
Trade receivables		537,2	551,7	517,8
Value of forward contracts	3	0,0	0,0	20,7
Other short-term receivables		104,1	100,4	90,3
Cash and bank deposits		864,8	528,2	835,3
<b>Total current assets</b>		<b>2 211,3</b>	<b>2 273,7</b>	<b>2 179,7</b>
<b>TOTAL ASSETS</b>		<b>8 016,6</b>	<b>8 212,4</b>	<b>7 959,8</b>

# Consolidated balance sheets

(Figures in MNOK)	Note	31.3.2024	31.3.2023	31.12.2023
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
<b>Contributed equity</b>				
Share capital	8	0,2	0,2	0,2
Premium paid		3 159,3	3 159,3	3 159,3
<b>Total contributed equity</b>		<b>3 159,5</b>	<b>3 159,5</b>	<b>3 159,5</b>
<b>Retained earnings</b>				
Translation difference		320,2	287,5	242,1
Other equity		136,3	297,4	214,7
<b>Total retained earnings</b>		<b>456,5</b>	<b>584,9</b>	<b>456,7</b>
<b>Total equity</b>		<b>3 616,0</b>	<b>3 744,4</b>	<b>3 616,2</b>
<b>Non-current liabilities</b>				
Pension liabilities		7,5	7,9	7,1
Provisions		4,3	4,0	5,5
Deferred tax		780,6	796,9	773,7
Lease liabilities		159,7	173,3	164,6
Interest-bearing debt - Bond	6	1 189,2	1 188,2	1 187,7
Interest-bearing debt - Bank	6	1 467,9	1 592,0	1 498,9
<b>Total non-current liabilities</b>		<b>3 609,0</b>	<b>3 762,5</b>	<b>3 637,5</b>
<b>Current liabilities</b>				
Trade payables		203,5	158,6	172,1
Public charges payable		46,8	60,2	59,9
Tax payable		6,5	8,4	33,8
Forward currency contracts	3	13,4	40,9	0,0
Interest-bearing debt - Bank	6	128,0	0,0	96,0
Lease liabilities		58,3	62,9	61,4
Other current liabilities		334,0	374,6	281,7
<b>Total current liabilities</b>		<b>790,5</b>	<b>705,6</b>	<b>704,9</b>
<b>Total liabilities</b>		<b>4 399,5</b>	<b>4 468,1</b>	<b>4 342,4</b>
<b>Liabilities classified as held for sale</b>	7	1,1	0,0	1,2
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>8 016,6</b>	<b>8 212,4</b>	<b>7 959,8</b>

# Consolidated statement of cash flows

(Figures in MNOK)	Note	Q1 2024	Q1 2023	Q4 2023	Y2023
<b>Cash flows from operating activities</b>					
Earnings before tax (EBT)		-101,8	-75,5	7,1	-143,8
Tax paid for the period		-1,8	-10,3	-3,3	-46,7
Depreciation and write downs		77,4	79,2	83,1	324,0
Change in inventory		10,3	103,8	148,1	481,6
Change in trade receivables		-19,4	-77,4	-34,2	-43,5
Change in trade payables		31,5	-31,3	-3,7	-17,8
Change in other time limited records*		62,6	43,8	-42,1	-101,6
<b>Net cash flow from operating activities</b>		<b>58,8</b>	<b>32,3</b>	<b>154,9</b>	<b>452,2</b>
<b>Cash flows from investing activities</b>					
Proceeds from sale of PP&E		0,0	0,1	0,0	0,8
Payments for purchase of PP&E		-9,9	-21,5	-11,8	-68,2
<b>Net Cash flows from investing activities</b>		<b>-9,9</b>	<b>-21,3</b>	<b>-11,8</b>	<b>-67,5</b>
<b>Cash flows from financing activities</b>					
Payment of lease liabilities		-17,5	-15,5	-23,8	-71,6
Proceeds from issue of share capital		0,0	352,0	0,0	352,0
Proceeds from bond borrowings	6	0,0	1 200,0	0,0	1 200,0
Repayment of bond borrowings	6	0,0	-2 020,0	0,0	-2 020,0
Proceeds from bank borrowings*	6	0,0	-1 037,5	0,0	-1 037,5
Repayment of bank borrowings	6	0,0	1 600,0	0,0	1 600,0
<b>Net cash flow from financing activities</b>		<b>-17,5</b>	<b>79,0</b>	<b>-23,8</b>	<b>22,9</b>
<b>Change in net cash &amp; cash equivalents</b>					
Effect of exchange gains / (losses) on cash and cash equivalents		-1,9	9,5	-1,2	-1,1
Net cash & cash equivalents at the start of the period		835,3	428,9	717,2	428,9
<b>Net cash &amp; cash equivalents at the close of the period</b>		<b>864,8</b>	<b>528,2</b>	<b>835,3</b>	<b>835,3</b>
Restricted cash at the end of the period*		13,8	15,2	21,9	21,9
Unrestricted cash at the end of the period		851,1	513,0	813,4	813,4

In the statement of cash flow, cash and bank deposits are recognized as cash. The restricted cash on 31 March 2024 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
<b>Equity 31.12.2022</b>	<b>0,1</b>	<b>2 807,4</b>	<b>193,2</b>	<b>355,2</b>	<b>3 355,9</b>
Earnings for the period	0,0	0,0	0,0	-140,5	<b>-140,5</b>
Other comprehensive income	0,0	0,0	48,8	0,0	<b>48,8</b>
Proceeds from issue of share capital	0,0	352,0	0,0	0,0	<b>352,0</b>
<b>Equity 31.12.2023</b>	<b>0,2</b>	<b>3 159,3</b>	<b>242,1</b>	<b>214,7</b>	<b>3 616,2</b>
<b>Equity 31.12.2023</b>	<b>0,2</b>	<b>3 159,3</b>	<b>242,1</b>	<b>214,7</b>	<b>3 616,2</b>
Earnings for the period	0,0	0,0	0,0	-78,3	<b>-78,3</b>
Other comprehensive income	0,0	0,0	78,2	0,0	<b>78,2</b>
<b>Equity 31.3.2024</b>	<b>0,2</b>	<b>3 159,3</b>	<b>320,2</b>	<b>136,3</b>	<b>3 616,0</b>

## Notes to the consolidated financial statements

### NOTE 1 Accounting principles

The consolidated financial statements for the first quarter 2024, closed as at 31 March 2024 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 2023. The 2023 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](http://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 Annual report for 2023.

## 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)	Q1 2024	Q1 2023	Q4 2023	Y2023
<b>Revenues per segment</b>				
Stressless®	729,9	895,8	829,1	3 141,6
IMG	182,3	165,7	224,9	824,5
Svane®	61,1	73,1	70,0	252,9
<b>Total</b>	<b>973,4</b>	<b>1 134,6</b>	<b>1 124,0</b>	<b>4 219,0</b>
<b>EBITDA per segment</b>				
Stressless®	14,6	32,2	123,6	322,1
IMG	21,9	20,0	18,1	102,0
Svane®	2,9	-3,1	2,8	8,3
Other/eliminations *	-1,8	-0,9	-1,3	-3,4
<b>Total</b>	<b>37,5</b>	<b>48,1</b>	<b>143,2</b>	<b>428,9</b>
<b>EBIT per segment</b>				
Stressless®	-40,6	-23,6	63,9	91,4
IMG	0,3	-2,6	-4,5	11,7
Svane®	2,2	-3,9	2,1	5,2
Other/eliminations *	-1,8	-0,9	-1,3	-3,4
<b>Total</b>	<b>-39,9</b>	<b>-31,1</b>	<b>60,1</b>	<b>104,9</b>
<b>Operating revenues by market</b>				
Norway	119,0	141,1	145,8	490,0
Other Nordic	41,7	52,8	37,9	165,8
Central Europe	179,0	218,7	184,3	726,5
Southern Europe	64,8	90,4	73,2	279,1
United Kingdom/Ireland	75,8	87,7	113,5	321,9
USA/Canada/Mexico	358,2	389,7	335,4	1 499,9
Japan	22,1	29,6	36,9	129,5
Australia	69,0	75,7	74,2	308,7
China	13,7	24,7	83,2	180,0
Other Markets	30,0	24,1	39,7	117,6
<b>Total</b>	<b>973,4</b>	<b>1 134,6</b>	<b>1 124,0</b>	<b>4 219,0</b>

\* 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 and 2024, 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 first quarter, these contracts resulted in a NOK 9,1 million in realised loss and unrealised loss of 34,1 million. All contracts that are open as at 31 March 2024 fall due for payment in the next 12 months. As at 31 March 2024, the market value of existing forward currency contracts came to negative NOK 13,4 million.

(Figures in MNOK)

Total net other gains/(losses) comprises:	Q1 2024	Q1 2023
Realised gains/(losses) on new forward contracts	-9,1	-17,5
Change in value of realised and unrealised contracts	-34,1	-38,3
<b>Net other gains/(losses)</b>	<b>-43,2</b>	<b>-55,8</b>

The following forward contracts was realized in Q1 2024:

Currency	Volume in Currency (Million)	Average exchange rate (in NOK)
AUD	4,9	6,95
DKK	12,5	1,51
EUR	15,1	11,12
GBP	2,5	12,53
USD	8,3	10,21

## NOTE 4 No. of employees

	31.3.2024	31.3.2023	31.12.2023
Employees in Norway	998	1 107	1 011
Employees abroad	1 664	1 503	1 773
<b>Total</b>	<b>2 662</b>	<b>2 610</b>	<b>2 784</b>

## NOTE 5 Goodwill, customer relations and brand names

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

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

(Figures in MNOK)	Brand name	Goodwill	Customer relationships	Total
<b>Acquisition value 1.1.2024</b>	<b>1 656,4</b>	<b>1 561,1</b>	<b>1 302,3</b>	<b>4 519,8</b>
<b>Accumulated depreciation 1.1.2024</b>	<b>216,9</b>	<b>0,0</b>	<b>331,9</b>	<b>548,8</b>
The period's depreciation	10,2	0,0	17,1	27,3
<b>Accumulated depreciation 31.3.2024</b>	<b>227,1</b>	<b>0,0</b>	<b>349,0</b>	<b>576,1</b>
<b>Accumulated currency translation differences 1.1.2024</b>	<b>0,0</b>	<b>0,0</b>	<b>205,1</b>	<b>205,1</b>
Currency translation differences in 2024	0,0	0,0	54,8	54,8
<b>Accumulated currency translation 31.3.2024</b>	<b>0,0</b>	<b>0,0</b>	<b>259,9</b>	<b>259,9</b>
<b>Book value 31.3.2024</b>	<b>1 429,3</b>	<b>1 561,1</b>	<b>1 213,2</b>	<b>4 203,6</b>
<b>Split per segment</b>				
Stressless®	1 248,0	676,6	786,4	2 711,1
IMG	181,3	884,5	426,7	1 492,5
<b>Book value 31.3.2024</b>	<b>1 429,3</b>	<b>1 561,1</b>	<b>1 213,2</b>	<b>4 203,6</b>
(Figures in MNOK)	Brand name	Goodwill	Customer relationships	Total
<b>Acquisition value 1.1.2023</b>	<b>1 656,4</b>	<b>1 561,1</b>	<b>1 302,3</b>	<b>4 519,8</b>
<b>Accumulated depreciation 1.1.2023</b>	<b>176,3</b>	<b>0,0</b>	<b>263,1</b>	<b>439,3</b>
The period's depreciation	40,7	0,0	68,8	109,5
<b>Accumulated depreciation 31.12.2023</b>	<b>216,9</b>	<b>0,0</b>	<b>331,9</b>	<b>548,8</b>
<b>Accumulated currency translation 1.1.2023</b>	<b>0,0</b>	<b>0,0</b>	<b>155,0</b>	<b>155,0</b>
The period's currency translation differences	0,0	0,0	50,1	50,1
<b>Accumulated currency translation 31.12.2023</b>	<b>0,0</b>	<b>0,0</b>	<b>205,1</b>	<b>205,1</b>
<b>Book value 31.12.2023</b>	<b>1 439,5</b>	<b>1 561,1</b>	<b>1 175,5</b>	<b>4 176,1</b>
<b>Split per segment</b>				
Stressless®	1 255,1	676,6	757,6	2 689,2
IMG	184,4	884,5	417,9	1 486,9
<b>Book value 31.12.2023</b>	<b>1 439,5</b>	<b>1 561,1</b>	<b>1 175,5</b>	<b>4 176,1</b>

## 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 March 2024

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 128 million are classified as short term borrowing 31. March 2024.

Since the refinancing and as at 31 March 2024, 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 March 2024.

### Senior Secured Bond at 31 March 2024

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 March 2024 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 2 154,2 million at 31 March 2024 and 12-month rolling adjusted EBITDA is NOK 413,9 million. The leverage ratio at the end of the first quarter 2024 was 5,20 well below the maximum allowed.

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## 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 31.3.2024.

## NOTE 8 Shares and sole shareholder

As of 31 March 2024, 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 March 2024.

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### As of 31 March 2024, 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 March 2024, the board has been granted the following authorizations:

The board has been granted no authorizations.



**EKORNES®**

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