

FINANCIAL STATEMENTS

Second quarter

2024



EKORNES
QM HOLDING
GROUP

Highlights

Second quarter 2024 results

- Operating revenue of NOK 975 million, down 3% year-over-year on lower sales volumes for Stressless® and IMG segments while Svane® improved on successful portfolio optimizations
- Improved profitability with operating earnings (EBIT) of NOK 53 million (-31), driven by price increases, cost reductions and positive impact from currency forward contracts
- Operating cash flow of NOK 79 million (171) reflecting good operational performance, strengthening financial position with cash of NOK 882 million as at 30 June 2024 (651)
- Order intake of NOK 865 million, down 8% from prior-year period reflecting weaker consumer sentiment, leaving order reserve at NOK 451 million as at 30 June 2024
- Restructuring of management team effective from 1 September, supporting increased flexibility, strengthened strategic focus and quicker decision-making

Improved profitability amidst lower volumes

The furniture industry continues at a slower post-pandemic pace, with a recovery in demand taking longer than expected. This also impacted Ekornes in the second quarter, with lower sales volumes and a decline in the order reserve. Development was weaker within the premium segment, resulting in lower sales of Stressless® recliners in particular. Variations between markets persist, with Central Europe continuing to perform relatively weaker, while sales in North America and the Nordic region held up better.

Adapting to lower volumes, Ekornes continued to adjust production capacity at its facilities during the quarter while maintaining strict cost control. Combined with effects from price increases materializing, profitability has gradually improved during the first six months of the year. However, the current levels of order intake and order reserve indicate a challenging outlook for the second half of the year, although this is normally a seasonally stronger period.

In current market conditions, the key short-term priority is to boost sales, primarily through targeted marketing initiatives and a more proactive outreach. This includes campaigns to refresh in-store models while advancing sales of fast-growing and new models. In addition, the Group has several fairs, events and dealer openings scheduled for the second half of the year.

Ekornes has a solid financial position. As sales have normalized from the elevated levels during the Covid-19 pandemic, the Group has adapted financially to lower activity levels. This includes a debt refinancing in the first quarter 2023 and working capital reductions of more than NOK 600 million during recent 24 months. This has supported a strong cash

build, and the Group's cash holdings by the end of the quarter rose to NOK 882 million.

Throughout its 90-year history, Ekornes has demonstrated a convincing track record of innovation and industrial growth. Having matured into a global provider of high-quality furniture with more than 4,000 sales points in 40 countries, the company is focused on leveraging its strong position to increase consumer and dealer appeal further. While increasing focus on brand positioning, strategic efforts are intensified to simplify operations, maximize supply chain efficiency and modernize organizational structures and competence to fortify the business structure for long-term sustainable growth.

As part of the organizational development, the Group is working actively to secure the right competence for the future. As announced 6 May, Ekornes has streamlined its executive management team from twelve to six members, supporting increased flexibility and quicker decision-making.

The new management team will be effective from 1 September, comprising:

- CEO: Tine H. Leopold
- EVP and CFO: Fredrik Ø. Nilsen
- CMO: Janne Strømmen
- COO: Fredrik Samson
- SVP Strategy & Organization: Lasse Ruud-Hansen
- CCO: Vacant

COO and SVP Strategy & Organization starts 1. October 2024.



Company history and ownership

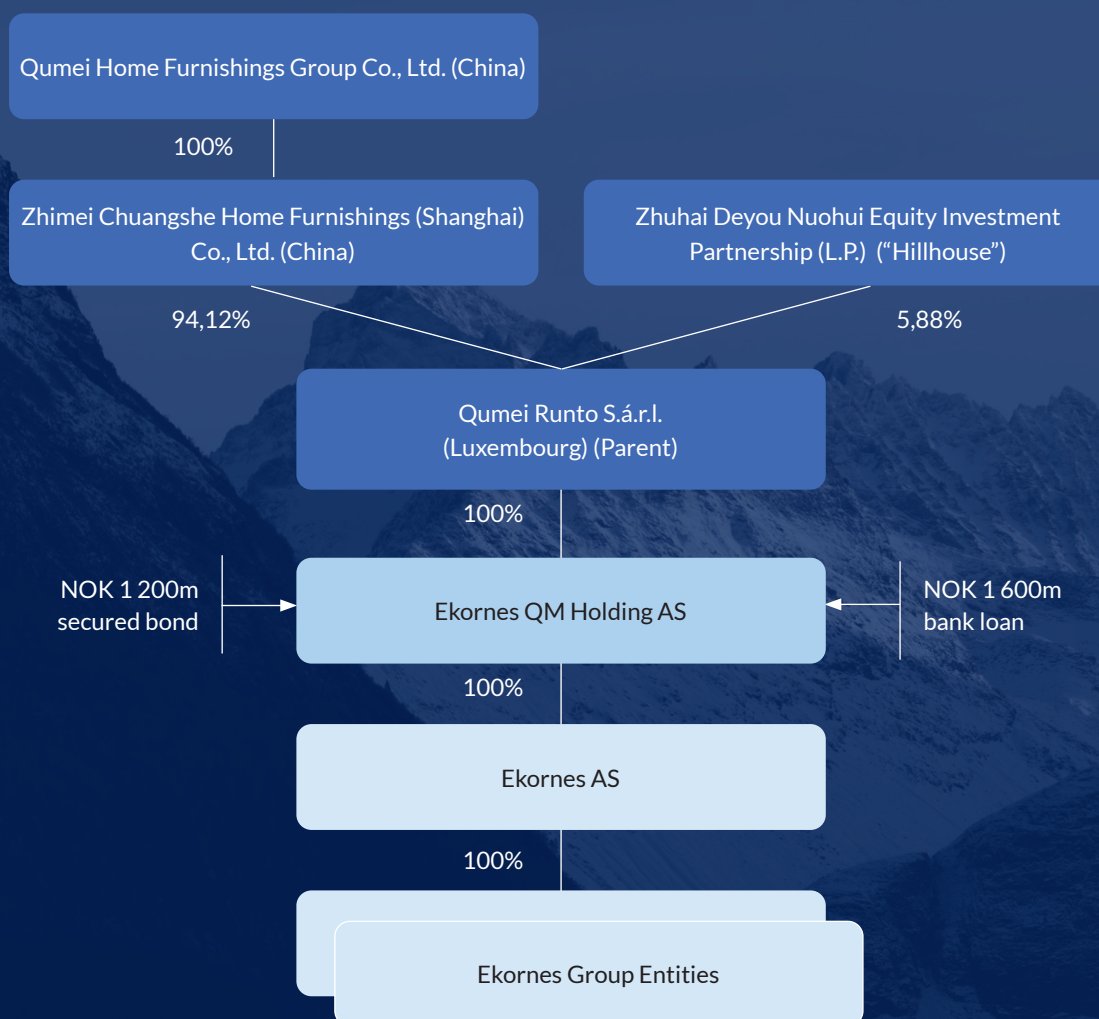
Ekornes QM Holding AS was founded 4 January 2018 with the purpose of acquiring the Ekornes Group. In May 2018, an offer was made to purchase the shares of all Ekornes shareholders. The share purchase was completed in August 2018 and Ekornes AS was delisted from the Oslo Stock Exchange in October 2018.

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 30 June 2024.

Ekornes QM Holding AS had, as at 30 June 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 30 June 2024)



Key figures

		Q2 2024	Q2 2023	Q1 2024	YTD Q2 2024	YTD Q2 2023	Y2023
Gross operating revenue	MNOK	975,1	1 007,0	973,4	1 948,4	2 141,5	4 219,0
Stressless®	MNOK	725,6	744,5	729,9	1 455,5	1 640,3	3 141,6
IMG	MNOK	190,3	209,9	182,3	372,6	375,6	824,5
Svane®	MNOK	59,2	52,5	61,1	120,3	125,6	252,9
Gross operating earnings (EBITDA)	MNOK	131,6	63,9	37,5	169,1	112,0	428,9
Operating earnings (EBIT)	MNOK	53,3	-16,8	-39,9	13,5	-47,8	104,9
Operating margin (EBIT)	%	5,5%	-1,7%	-4,1%	0,7%	-2,2%	2,5%
Earnings before tax (EBT)	MNOK	-1,6	-79,9	-101,8	-103,4	-155,4	-143,8
Net earnings	MNOK	-0,1	-63,4	-78,3	-78,4	-121,2	-140,5
Net interest-bearing Debt (NIBD)	MNOK	1 886,3	2 149,3	1 935,2	1 886,3	2 149,3	1 964,7
Cash and Bank deposits end of period	MNOK	881,7	650,7	864,8	881,7	650,7	835,3

FINANCIAL REVIEW

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

SECOND QUARTER FINANCIAL REVIEW

Ekornes' second quarter 2024 operating revenues came in at NOK 975 million, down 3% from the second quarter 2023 and in line with the previous quarter. The decline from last year is steeper in terms of volume as prices have increased. In general, revenues remain impacted by lower demand and weaker consumer purchasing power.

Revenues from the Stressless® segment, representing some 74% of Group revenues, were NOK 726 million, a decrease of 3% from the second quarter 2023, mainly due to a continued weak market development in Europe. Revenues from IMG fell by 9% to NOK 190 million on lower order intake for the first half 2024 compared to the corresponding period 2023. Compared to the previous quarter, IMG revenues were up by 4% due to continued strong operational performance for the Thailand production facility. Svane® revenues increased by 13% from last year, where product portfolio optimization amidst a marginally improved market for mid- and high-end products has yielded results. See note 2 in the financial statements for more information on segments.

Cost of goods sold amounted to NOK 288 million during the quarter (362), a reduction of 20% from the second quarter 2023. Cost of goods sold share of operating revenues was 30% during the quarter, down 6 percentage points from the corresponding period last year. The improvement was driven by price increases materializing and lower material costs.

Payroll expenses increased by 4% to NOK 313 million, mainly reflecting inflation. This includes quarterly one-offs of NOK 12 million related to rightsizing of operations. Other operating expenses came in at NOK 256 million, in line with last year with transportation and marketing costs remaining stable. Ekornes is experiencing limited impact from the recent volatility in global shipping rates due to transportation contracts with favourable fixed rates.

Net other gains amounted to NOK 14 million, mainly related to unrealized gains on currency forward contracts. See note 3 in the financial statements for more information.

Total operating expenses for the period ended at NOK 922 million, down 10% from NOK 1 024 million in the second quarter 2023. Compared to the previous quarter, operating expenses declined by 9%.

Operating earnings (EBIT) for the quarter were NOK 53 million (-17), corresponding to an EBIT margin of 5.5%. This compares to negative 1.7% in the second quarter 2023 and negative 4.1% in the previous quarter. Adapting to the lower activity, Ekornes has during the recent years implemented several initiatives to protect profitability and reduce costs. This includes consolidation of operations, production capacity adjustments and product portfolio sharpening. The improved margin reflects effects from the initiatives gradually materializing, supported by lower material costs.

Net financial items for the quarter were negative NOK 55 million (-63), reflecting financial expenses of NOK 98 million (83), partly

Key figures

offset by financial income of NOK 34 million (17) from increased cash holdings.

Earnings before tax for the second quarter 2024 ended at negative NOK 2 million, compared to negative NOK 80 million in the second quarter 2023. Tax benefit for the period is calculated at NOK 2 million, resulting in a net loss for the quarter of NOK 0.1 million. This compared to a net loss of NOK 63 million in the second quarter 2023.

FIRST HALF 2024 FINANCIAL REVIEW

For the first half year 2024, Ekornes generated operating revenues of NOK 1 948 million (2 142). The decline in revenues compared to the same period in 2023 largely reflects weaker consumer spending on household items and furniture as the overall cost of living has increased. The reduction in revenues was partly offset by increased product prices and growing sales of the dining segment and sofas.

Underlying revenue from the Stressless® segment was NOK 1 456 million (1 640), revenue from IMG was NOK 373 million (376), while revenue from Svane® amounted to NOK 120 million (126).

Due to capacity rightsizings, payroll expenses decreased to NOK 617 million during the period, down from NOK 644 million for the first six months of 2023. Costs of goods sold

decreased to NOK 601 million from NOK 759 million the year before. Other operating expenses, including sales and marketing costs, ended at NOK 532 million, compared to NOK 547 million in the first half year 2023. The first half year 2024 also included restructuring costs of NOK 28 million related to streamlining of operations and capacity adjustments, compared to NOK 31 million in the corresponding period in 2023.

Operating earnings (EBIT) for the first half year 2024 came in at NOK 13 million, up from negative NOK 48 million in the first half 2023. The improvement is mainly attributable to effects of improvement initiatives across operations materializing.

Net financial items were negative at NOK 117 million (-108), driven by financial expenses of NOK 196 million (199). Earnings before tax for the first half year were negative at NOK 103 million (-155). Tax benefit for the period is calculated at NOK 25 million compared to NOK 35 million in the same period in 2023. This gave a net loss of NOK 78 million compared to a net loss of NOK 121 million for the first half 2023.



Order receipts and order reserve

		Q2 2024	Q2 2023	Q1 2024	YTD Q2 2024	YTD Q2 2023	Y2023	Change YTD Q2 2024 / Change YTD Q2 2023
Order receipts	MNOK	864,9	938,3	1 079,6	1 944,5	2 141,2	3 986,7	-9 %
Order reserve	MNOK	450,7	694,2	563,1	450,7	694,2	467,8	-35 %

Order receipts in the second quarter 2024 amounted to NOK 865 million, down 8% from NOK 938 million in the second quarter 2023. Compared to the first quarter 2024, order receipts were down 20%.

As at 30 June 2024, Ekornes' combined order reserve was NOK 451 million, down 35% from NOK 694 million at the end of the second quarter 2023. The order reserve at the end of the previous quarter was NOK 563 million.

Balance Sheet

		30.6.2024	30.6.2023	31.3.2024	31.12.2023
Working capital*	MNOK	1 062,9	1 313,9	1 038,8	1 061,2
Bank deposits	MNOK	881,7	650,7	864,8	835,3
Total assets	MNOK	7 961,1	8 211,1	8 016,6	7 959,8
Interest-bearing loans	MNOK	2 768,0	2 800,0	2 800,0	2 800,0
Total liabilities including held for sales	MNOK	4 361,3	4 488,4	4 400,6	4 343,6
Equity	MNOK	3 599,8	3 722,7	3 616,0	3 616,2
Equity ratio	%	45,2%	45,3%	45,1 %	45,4 %
Value of forward contracts	MNOK	4,1	-43,0	-13,4	20,7
Net interest-bearing Debt (NIBD)	MNOK	1 886,3	2 149,3	1 935,2	1 964,7

* Working capital = trade receivables + inventory – trade payables

As of 30 June 2024, Ekornes had total assets of NOK 7 961 million, slightly down from NOK 8 017 million three months earlier. The decrease mainly follows depreciation of non-current assets. Current liabilities increased by NOK 13 million, while current assets were stable from the previous quarter.

Total equity was NOK 3 600 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 2 768 million (excluding capitalization), down NOK 32 million from the previous quarter following the first instalment paid on the bank debt. Ekornes refinanced its bond and bank debt in the first quarter 2023. The current debt structure includes a NOK 1 200 million bond loan and a NOK 1 568 million term loan with DNB and Sparebanken Møre. The bank loan matures in March 2026, while the bond loan matures in September 2026. The bank loan includes NOK 32 million in quarterly instalments until maturity.

The bond was issued on 10 March 2023 by Ekornes QM

Holding AS and 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 5.5 at the end of the second quarter 2024. The maximum allowed leverage ratio has a gradual step-down mechanism from 5.5 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 30 June 2024, Ekornes was compliant with all covenant requirements in the bond agreement. The leverage ratio at the end of the second quarter 2024 was 4.49, below the maximum allowed.

Cash flow

		Q2 2024	Q2 2023	Q1 2024	YTD Q2 2024	YTD Q2 2023	Y 2023
Net cash flow from operating activities	MNOK	78,8	170,6	58,8	137,6	190,4	452,2
Net cash flow from investing activities	MNOK	-16,4	-22,2	-9,9	-26,3	-43,6	-67,5
Net cash flow from financing activities	MNOK	-50,3	-15,9	-17,5	-67,7	75,5	22,9
Change in net cash & cash equivalents	MNOK	12,1	132,4	31,4	43,6	222,3	407,6
Effect of exchange gains / (losses) on cash and cash equivalents	MNOK	4,8	-9,9	-1,9	2,9	-0,5	-1,1
Net cash & cash equivalents at the start of the period	MNOK	864,8	528,2	835,3	835,3	428,9	428,9
Net cash & cash equivalents at the close of the period	MNOK	881,7	650,7	864,8	881,7	650,7	835,3

Net cash flow from operating activities in the second quarter 2024 was NOK 79 million (171), driven by good operational performance with quarterly EBITDA of NOK 132 million. This was partly offset by an increase in working capital of NOK 24 million, mainly reflecting reduced trade payables. The figure also includes changes in other time limited records of NOK 34 million, mainly related to provisions of holiday allowances and general wages.

For the first half 2024, net cash flow from operating activities amounted to NOK 138 million, down 32% from NOK 203 million in the first half 2023. In the first half year 2023, Ekornes significantly reduced inventory in response to slower post-pandemic sales. Further inventory reductions and portfolio optimization take longer to materialize.

Net cash flow from investing activities was negative NOK 16 million in the quarter (-22), all related to ongoing investments in day-to-day operations. For the first six months of the year, cash outflow from investing activities amounted to NOK 26 million, compared to an outflow of NOK 44 million for the corresponding period in 2023.

As part of the initiatives to safeguard operations through softer market conditions, Ekornes has temporarily reduced investments to ensure adequate cash flow generation. Going forward, the investment level is expected to gradually increase from the temporary subdued levels to support product innovation and develop production facilities, enabling future profitable growth.

Net cash flow from financing activities was negative at NOK 50 million during the quarter (-16), relating to the first instalment on bank debt and payment of lease liabilities. Net change in cash and cash equivalents was positive NOK 12 million during the quarter and as at

30 June 2024, Ekornes had a cash position of NOK 882 million . This compares to NOK 651 million 12 months earlier and NOK 865 million at the end of the first quarter 2024.

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 were impacted by the continued lower consumer purchasing power during the quarter, leading to increased price sensitivity among buyers. This trend has impacted the high-end Stressless® segment, where some consumers opt for lower-priced alternatives such as IMG products. Additionally, the market sees increased competition from large segment chain stores. However, campaign activities and updated store displays supported sales in the quarter, particularly for recliners and dining in Norway and Denmark. The Finnish market, meanwhile, remained challenging with the furniture industry struggling to recover. Entering the third quarter, focus lies on driving sales of Stressless® products with several campaigns and updated ranges of displays in stores. IMG is expected to continue its positive trend in the Nordic markets, driven by the above-mentioned consumer preferences for lower-priced alternatives.

EUROPE

In Europe, the market experienced weak footfall and activity in stores, with consumer sentiment remaining highly volatile. Germany, one of the largest markets for Ekornes in Europe, is particularly affected by a struggling economy. The rise in bankruptcies and a general reluctance among companies to invest and place large orders are contributing to a weak outlook for the region. However, branded furniture seems to deliver a more robust performance and promotions have supported the sales of recliners and power sofas during the quarter.

The UK market showed a slightly positive trend in order intake during the quarter. A focused distribution policy and selective work with partners has proven successful, evidenced by the onboarding of new large partners during the period. However, the market remains fiercely competitive, requiring continuous strategic efforts to maintain and grow market share.

NORTH AMERICA

North America continues to be Ekornes' largest market and has delivered a relatively more stable performance during the last 12 months than other markets. However, sales declined in the quarter as furniture dealers continued to reduce high inventories and were hesitant to stock up with an uncertain outlook. The decline was seen across the industry, impacting

both IMG and Stressless®, although the latter has performed somewhat better and is marginally gaining market share. With a slower order intake, Ekornes is intensifying initiatives to boost sales in the region with promotional campaigns on in-store and new models.

ASIA-PACIFIC

The Asia-Pacific region delivered a mixed performance in the second quarter. Sales in Australia and New Zealand came in at decent levels, supported by new studio openings and promotional activities during the autumn and winter sales campaigns. Despite market conditions remaining challenging, the positive trend is expected to continue in the third quarter as several marketing initiatives are planned for the remainder of the winter campaign.

In Japan, household consumption suffers from a continued high inflation, limiting traffic in stores and spending on furniture and household items. However, Stressless® maintains a solid market position, where dining and sofa products were the main drivers of growth in the quarter. IMG also experienced a positive development, with chairs growing in a slow market.

China continued its weak development and slow recovery, with the furniture industry dragged down by a struggling real estate and stock market. This has led to a sharp decline in retail sales and large furniture stores facing bankruptcy. These challenging market conditions have led to a continued weak sales development for Ekornes in China, where retailers remain stocked-up from a very strong fourth quarter 2023. However, activity has picked up somewhat compared to the first quarter, indicating a gradual recovery. Ekornes' strategic ambitions remain firm in the Chinese markets, expanding its network of mono-brand Stressless® showrooms which channel customers to larger flagship stores.

Outlook

The second quarter and first half 2024 have seen sales volumes remaining at low levels, with the order reserve declining. Amidst lower activity, Ekornes has improved profitability as price increases and margin improvement initiatives have materialized, further supported by material costs trending downwards. For the second half of the year, Ekornes expects activity and sales to gradually improve in a normally seasonally higher selling period, although visibility remains limited and market conditions challenging.

In the current softer market conditions, Ekornes has temporarily reduced investments to extraordinarily low levels to protect cash generation. The company expects investments to gradually increase from current levels, supporting product innovation, increased efficiency and development of production facilities.

Succeeding in current markets requires the organization to excel. Ekornes is intensifying its strategic efforts to simplify operations and maximize efficiency across the supply chain while maintaining strong market positions as the preferred consumer furniture brand. This includes the ongoing restructuring of Ekornes' executive management team, to be effective from 1 September. Going forward, Ekornes will continue to simplify the organization and reallocate resources and capital to modernize its unique brands and products, supporting long-term sustainable growth.



H & S

As at 30 June 2024, Ekornes employed a total of 2 525 people, of which 39% 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 second quarter 2024. This gives an H1-value for the period of 4,7 compared to 2,2 the same period the year before.

The Group had a sickness absence rate of 4,3% in Q2 2024, compared to 3,4% in Q2 2023.

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 recent years, the furniture industry has experienced significant volatility and rapidly changing market conditions. When the Covid-19 pandemic hit, "home nesting" effects boosted sales to extraordinary levels while disrupting supply chains and increasing complexity of logistics and transportation. 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 high interest rates constraining consumer finances, spending has shifted away from home refurbishing and furniture. As a result, Ekornes is facing lower economic activity affecting demand for its products, its sales channels and other parts of the value chain.

Addressing the softer markets, the company has throughout 2023 and into 2024 implemented several initiatives to protect profitability and reduce costs, including portfolio optimization, renegotiations of terms 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 for the first half 2024 suggests a continued weak market development, with high volatility and low visibility into the second half of the year. This has implications for profitability and the Group's financial position. The Group is monitoring the situation closely and considering relevant measures.

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 scheduled published on ekornes.com/investor-relations.

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.

Events after the balance sheet date

During 2023 and 2024, Ekornes has concentrated its Asian operations in Thailand and discontinued activities in Vietnam. In July 2024, Ekornes signed memorandum of understanding (MoU) with two different buyers for the sale of its two factories in Vietnam for total gross proceeds of USD 8,0 million. The transactions are subject to customary regulatory approvals and are expected to be completed during the second half of 2024. See note 7 in the financial statements for more information on the assets which were held for sale as at

the end of the second quarter 2024.

No other significant events have occurred between the balance sheet date and the date of publication of the financial statements which have materially affected the company's financial position, and which should have been reflected in the financial statements presented here.

Statement by the board of directors and CEO

We confirm, to the best of our knowledge, that the unaudited, condensed half-year financial statements for the period 1 January to 30 June 2024 have been prepared in conformity with IAS 34, as endorsed by the EU,

Reporting, and that the information in the financial statements provides a fair view of the enterprise and the Group's assets,

liabilities, financial position and overall results, and that the half-year report provides a fair overview of the information specified in section 5-6 with pertaining regulations, of the Norwegian Securities Trading Act.

Oslo, August 15th 2024
The board of Ekornes QM Holding AS

Ruihai Zhao
Chair

Mogens Falsig
Director and CEO



Consolidated income statement

(Figures in MNOK)	Note	Q2 2024	Q2 2023	Q1 2024	YTD Q2 2024	YTD Q2 2023	Y2023
Gross operating revenue	2	975,1	1 007,0	973,4	1 948,4	2 141,5	4 219,0
Cost of goods sold		288,1	361,9	312,5	600,6	759,4	1 480,7
Payroll expenses		313,1	300,5	304,2	617,3	644,2	1 170,8
Depreciation and write downs	5	78,2	80,6	77,4	155,6	159,9	324,0
Other operating expenses		256,1	257,2	275,9	532,0	546,7	1 104,6
Net other losses (gains)	3	-13,8	23,5	43,2	29,5	79,3	33,9
Total operating expenses		921,8	1 023,8	1 013,2	1 935,0	2 189,4	4 114,1
Operating earnings (EBIT)		53,3	-16,8	-39,9	13,5	-47,8	104,9
Financial income		34,3	17,4	31,2	65,5	34,0	92,0
Net gains (losses) on foreign exchange		8,8	2,5	4,5	13,4	57,4	44,8
Financial expenses		98,1	83,0	97,7	195,7	198,9	385,5
Net financial items		-55,0	-63,1	-61,9	-116,9	-107,5	-248,7
Earnings before tax (EBT)		-1,6	-79,9	-101,8	-103,4	-155,4	-143,8
Calculated tax cost (Income)		1,5	16,5	- 23,5	25,0	34,2	-3,3
Net earnings		-0,1	-63,4	-78,3	-78,4	-121,2	-140,5
Earnings per share		-3,5	-2 112,0	-2 611,5	-2 615,0	-4 039,4	-4 683,6
Earnings per share (diluted)		-3,5	-2 112,0	-2 611,5	-2 615,0	-4 039,4	-4 683,6

Consolidated statement of comprehensive income

(Figures in MNOK)	Note	Q2 2024	Q2 2023	Q1 2024	YTD Q2 2024	YTD Q2 2023	Y2023
Net earnings		-0,1	-63,4	-78,3	-78,4	-121,2	-140,5
Other income and expenses:							
Items which can be recl. to earnings and loss:							
Translation differences	5	-16,2	41,7	78,2	62,0	136,1	48,8
Total other income and expenses		-16,2	41,7	78,2	62,0	136,1	48,8
Total comprehensive income		-16,3	-21,6	-0,2	-16,4	14,9	-91,7

Consolidated balance sheets

(Figures in MNOK)	Note	30.6.2024	30.6.2023	31.3.2024	31.12.2023
ASSETS					
Non-current assets					
Buildings and sites		873,0	935,0	906,9	897,8
Machinery and equipment		205,4	255,4	201,5	231,3
Operating movables and fixtures		21,1	27,9	22,7	24,3
Assets under construction		23,4	36,2	23,5	21,0
Right-of-use assets		194,7	226,2	199,9	208,7
Total property, plant & equipment		1 317,6	1 480,7	1 354,5	1 383,1
Software and licenses		61,2	45,5	52,1	50,1
Brand name	5	1 419,2	1 459,8	1 429,3	1 439,5
Goodwill	5	1 561,1	1 561,1	1 561,1	1 561,1
Customer relations	5	1 178,4	1 268,3	1 213,2	1 175,5
Deferred tax assets		167,3	140,3	153,9	129,7
Total non-current intangible assets		4 387,2	4 475,0	4 409,7	4 355,9
Other receivables and investments		27,4	26,2	24,1	24,3
Total non-current financial assets		27,4	26,2	24,1	24,3
Non-current assets classified as held for sale	7	16,0	0,0	17,0	16,3
Total non-current assets		5 748,1	5 982,0	5 805,3	5 780,0
Current assets					
Inventory		692,5	948,2	705,2	715,5
Trade receivables		549,4	525,5	537,2	517,8
Value of forward contracts	3	4,1	0,0	0,0	20,7
Other short-term receivables		85,3	104,7	104,1	90,3
Cash and bank deposits		881,7	650,7	864,8	835,3
Total current assets		2 212,9	2 229,2	2 211,3	2 179,7
TOTAL ASSETS		7 961,1	8 211,1	8 016,6	7 959,8

Consolidated balance sheets

(Figures in MNOK)	Note	30.6.2024	30.6.2023	31.3.2024	31.12.2023
EQUITY AND LIABILITIES					
Equity					
Contributed equity					
Share capital	8	0,2	0,2	0,2	0,2
Premium paid		3 159,3	3 159,3	3 159,3	3 159,3
Total contributed equity		3 159,5	3 159,5	3 159,5	3 159,5
Retained earnings					
Translation difference		304,1	329,3	320,2	242,1
Other equity		136,2	234,0	136,3	214,7
Total retained earnings		440,3	563,3	456,5	456,7
Total equity		3 599,8	3 722,7	3 616,0	3 616,2
Non-current liabilities					
Pension liabilities		7,2	7,8	7,5	7,1
Provisions		4,3	4,1	4,3	5,5
Deferred tax		767,3	803,5	780,6	773,7
Lease liabilities		150,4	181,9	159,7	164,6
Interest-bearing debt - Bond	6	1 190,7	1 187,5	1 189,2	1 187,7
Interest-bearing debt - Bank	6	1 436,8	1 594,4	1 467,9	1 498,9
Total non-current liabilities		3 556,7	3 779,3	3 609,0	3 637,5
Current liabilities					
Trade payables		179,0	159,8	203,5	172,1
Public charges payable		71,2	72,8	46,8	59,9
Tax payable		4,4	19,7	6,5	33,8
Forward currency contracts	3	0,0	43,0	13,4	0,0
Interest-bearing debt - Bank	6	128,0	0,0	128,0	96,0
Lease liabilities		62,4	63,9	58,3	61,4
Other current liabilities		358,5	349,9	334,0	281,7
Total current liabilities		803,5	709,1	790,5	704,9
Total liabilities		4 360,1	4 488,4	4 399,5	4 342,4
Liabilities classified as held for sale	7	1,2	0,0	1,1	1,2
TOTAL EQUITY AND LIABILITIES		7 961,1	8 211,1	8 016,6	7 959,8

Consolidated statement of cash flows

(Figures in MNOK)	Note	Q2 2024	Q2 2023	Q1 2024	YTD Q2 2024	YTD Q2 2023	Y2023
Cash flows from operating activities							
Earnings before tax (EBT)		-1,6	-79,9	-101,8	-103,4	-155,4	-143,8
Tax paid for the period		-7,9	-14,3	-1,8	-9,8	-24,6	-46,7
Depreciation and write downs		78,2	80,6	77,4	155,6	159,9	324,0
Change in inventory		12,7	145,2	10,3	23,1	249,0	481,6
Change in trade receivables		-12,2	26,2	-19,4	-31,6	-51,3	-43,5
Change in trade payables		-24,5	1,2	31,5	6,9	-30,1	-17,8
Change in other time limited records		34,2	11,6	62,6	96,7	55,3	-101,6
Net cash flow from operating activities		78,8	170,6	58,8	137,6	202,9	452,2
Cash flows from investing activities							
Proceeds from sale of PP&E		2,3	0,5	0,0	2,3	0,6	0,8
Payments for purchase of PP&E		-18,7	-22,7	-9,9	-28,6	-44,2	-68,2
Net Cash flows from investing activities		-16,4	-22,2	-9,9	-26,3	-43,6	-67,5
Cash flows from financing activities							
Payment of lease liabilities		-18,3	-15,9	-17,5	-35,7	-31,5	-71,6
Proceeds from issue of share capital		0,0	0,0	0,0	0,0	0,0	352,0
Proceeds from bond borrowings	6	0,0	0,0	0,0	0,0	0,0	1 200,0
Repayment of bond borrowings	6	0,0	0,0	0,0	0,0	0,0	-2 020,0
Proceeds from bank borrowings	6	0,0	0,0	0,0	0,0	0,0	1 600,0
Repayment of bank borrowings	6	-32,0	0,0	0,0	-32,0	0,0	-1 037,5
Net cash flow from financing activities		-50,3	-15,9	-17,5	-67,7	63,0	79,0
Change in net cash & cash equivalents		12,1	132,4	31,4	43,6	222,3	407,6
Effect of exchange gains / (losses) on cash and cash equivalents		4,8	-9,9	-1,9	2,9	-0,5	-1,1
Net cash & cash equivalents at the start of the period		864,8	528,2	835,3	835,3	428,9	428,9
Net cash & cash equivalents at the close of the period		881,7	650,7	864,8	881,7	650,7	835,3
Restricted cash at the end of the period*		28,0	15,3	13,8	28,0	15,3	21,9
Unrestricted cash at the end of the period		853,7	635,4	851,1	853,7	635,4	813,4

*In the statement of cash flow, cash and bank deposits are recognized as cash. The restricted cash on 30 June 2024 are related to the payment of employee tax deductions in Norway.

Consolidated statement of changes in equity

(Figures in MNOK)	Share capital	Premium paid	Translation difference	Other equity	Sum
Equity 31.12.2022	0,1	2 807,4	193,2	355,2	3 355,9
Earnings for the period	0,0	0,0	0,0	-140,5	-140,5
Other comprehensive income	0,0	0,0	48,8	0,0	48,8
Proceeds from issue of share capital	0,0	352,0	0,0	0,0	352,0
Equity 31.12.2023	0,2	3 159,3	242,1	214,7	3 616,2
Equity 31.12.2023	0,2	3 159,3	242,1	214,7	3 616,2
Earnings for the period	0,0	0,0	0,0	-78,4	-78,4
Other comprehensive income	0,0	0,0	62,0	0,0	62,0
Equity 30.6.2024	0,2	3 159,3	304,1	136,2	3 599,8

Notes to the consolidated financial statements

NOTE 1 Accounting principles

The consolidated financial statements for the second quarter 2024, closed as at 30 June 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.

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)	Q2 2024	Q2 2023	Q1 2024	YTD Q2 2024	YTD Q2 2023	Y2023
Revenues per segment						
Stressless®	725,6	744,5	729,9	1 455,5	1 640,3	3 141,6
IMG	190,3	209,9	182,3	372,6	375,6	824,5
Svane®	59,2	52,5	61,1	120,3	125,6	252,9
Total	975,1	1 007,0	973,4	1 948,4	2 141,5	4 219,0
EBITDA per segment						
Stressless®	95,2	30,3	14,6	109,7	62,5	322,1
IMG	31,2	32,8	21,9	53,1	52,8	102,0
Svane®	5,2	1,5	2,9	8,1	-1,6	8,3
Other/eliminations *	0,0	-0,7	-1,8	-1,8	-1,6	-3,4
Total	131,6	63,9	37,5	169,1	112,0	428,9
EBIT per segment						
Stressless®	39,2	-26,9	-40,6	-1,5	-50,6	91,4
IMG	9,6	10,2	0,3	9,9	7,6	11,7
Svane®	4,6	0,7	2,2	6,8	-3,2	5,2
Other/eliminations *	0,0	-0,7	-1,8	-1,8	-1,6	-3,4
Total	53,3	-16,8	-39,9	13,5	-47,8	104,9
Operating revenues by market						
Norway	127,3	99,2	119,0	246,2	240,3	490,0
Other Nordic	41,1	38,9	41,7	82,8	91,6	165,8
Central Europe	177,2	199,8	179,0	356,2	418,5	726,5
Southern Europe	58,0	66,2	64,8	122,8	156,6	279,1
United Kingdom/Ireland	84,0	78,4	75,8	159,7	166,1	321,9
USA/Canada/Mexico	347,2	354,5	358,2	705,4	744,2	1 499,9
Japan	25,0	33,1	22,1	47,1	62,8	129,5
Australia	76,0	81,0	69,0	145,0	156,6	308,7
China	14,5	31,9	13,7	28,2	56,7	180,0
Other Markets	24,8	24,1	30,0	54,9	48,2	117,6
Total	975,1	1 007,0	973,4	1 948,4	2 141,5	4 219,0

* 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 second quarter, these contracts resulted in a NOK 3,7 million in realised loss and unrealised gain of 17,5 million. All contracts that are open as at 30 June 2024 fall due for payment in the next 12 months. As at 30 June 2024, the market value of existing forward currency contracts came to positive NOK 4,1 million.

(Figures in MNOK)

Total net other gains/(losses) comprises:	Q2 2024	Q2 2023	YTD Q2 2024	YTD Q2 2023
Realised gains/(losses) on new forward contracts	-3,7	-21,4	-12,8	-38,9
Change in value of realised and unrealised contracts	17,5	-2,1	-16,7	-40,4
Net other gains/(losses)	13,8	-23,5	-29,5	-79,3

The following forward contracts was realized in YTD Q2 2024:

Currency	Volume in Currency (Million)	Average exchange rate (in NOK)
AUD	10,9	6,97
DKK	26,1	1,53
EUR	23,6	11,30
GBP	5,7	12,10
USD	19,3	10,46

NOTE 4 No. of employees

	30.6.2024	30.6.2023	31.3.2024	31.12.2023
Employees in Norway	992	1073	998	1011
Employees abroad	1 543	1 646	1 664	1 773
Total	2 535	2 719	2 662	2 784

NOTE 5 Goodwill, customer relations and brand names

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

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

(Figures in MNOK)	Brand name	Goodwill	Customer relationships	Total
Acquisition value 1.1.2024	1 656,4	1 561,1	1 302,3	4 519,8
Accumulated depreciation 1.1.2024	216,9	0,0	331,9	548,8
The period's depreciation	20,3	0,0	34,6	54,9
Accumulated depreciation 30.6.2024	237,3	0,0	366,5	603,7
Accumulated currency translation differences 1.1.2024	0,0	0,0	205,1	205,1
Currency translation differences in 2024	0,0	0,0	37,5	37,5
Accumulated currency translation 30.6.2024	0,0	0,0	242,6	242,6
Book value 30.6.2024	1 419,2	1 561,1	1 178,4	4 158,7
Split per segment				
Stressless®	1 241,0	676,6	761,6	2 679,2
IMG	178,1	884,5	416,8	1 479,5
Book value 30.6.2024	1 419,2	1 561,1	1 178,4	4 158,7

(Figures in MNOK)	Brand name	Goodwill	Customer relationships	Total
Acquisition value 1.1.2023	1 656,4	1 561,1	1 302,3	4 519,8
Accumulated depreciation 1.1.2023	176,3	0,0	263,1	439,3
The period's depreciation	40,7	0,0	68,8	109,5
Accumulated depreciation 31.12.2023	216,9	0,0	331,9	548,8
Accumulated currency translation 1.1.2023	0,0	0,0	155,0	155,0
The period's currency translation differences	0,0	0,0	50,1	50,1
Accumulated currency translation 31.12.2023	0,0	0,0	205,1	205,1
Book value 31.12.2023	1 439,5	1 561,1	1 175,5	4 176,1
Split per segment				
Stressless®	1 255,1	676,6	757,6	2 689,2
IMG	184,4	884,5	417,9	1 486,9
Book value 31.12.2023	1 439,5	1 561,1	1 175,5	4 176,1

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 bank borrowing agreement 30 June 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 this quarter (30 June 2024.) Interest expenses are paid quarterly. Final maturity in March 2026. NOK 128 million are classified as short term borrowing 30. June 2024.

Since the refinancing and as at 30 June 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 30 June 2024.

Senior Secured Bond at 30 June 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:

- (i) 5.50:1 for the Relevant Period ending on 30 June 2024;
- (ii) 5.25:1 for the Relevant Period ending on 30 September 2024;
- (iii) 4.75:1 for the Relevant Period ending on 31 December 2024; and
- (iv) 4.50:1 for any Relevant Period thereafter.

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 30 June 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 2 100,2 million at 30 June 2024 and 12-month rolling adjusted EBITDA is NOK 468,2 million. Ekornes had one-offs of MNOK 28,3 YTD 2024 (Mainly in payroll), with one-offs of MNOK 12,1 in Q2 2024.

The leverage ratio at the end of the second quarter 2024 was 4,49 well below the maximum allowed of 5,50 at 30 June 2024.

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 30.6.2024. See status under “ Events after the balance sheet Date”.

NOTE 8 Shares and sole shareholder

As of 30 June 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 30 June 2024.

As of 30 June 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 30 June 2024, the board has been granted the following authorizations:

The board has been granted no authorizations.





EKORNES®

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