

FINANCIAL STATEMENTS

Third quarter

2024



EKORNES
QM HOLDING
GROUP

Highlights

Third quarter 2024 results

- Operating revenue of NOK 852 million, down 11% year-over-year on lower sales volumes for all segments, although Stressless® and Svane® delivered a more resilient performance than IMG
- Gross operating earnings (EBITDA) of NOK 115 million (174), including a net unrealized loss on currency forward contracts versus a gain last year, partly offset by reduced costs, price increases and a favourable quarterly product mix
- Net cash flow from operating activities of NOK 26 million (94), mainly reduced on lower released working capital than last year
- Strong financial position and sound liquidity, with a cash position of NOK 832 million as at 30 September 2024 (717)
- Order intake of NOK 889 million, up 1% year-over-year, leaving the order reserve at NOK 480 million as at 30 September 2024 (637) and up from NOK 451 million in the second quarter
- Assembly facility in Morganton, North Carolina temporarily closed from flood damages with some impact expected to fourth quarter revenues as certain sofa deliveries are delayed into 2025

MAINTAINING RESILIENCE

The furniture industry remains impacted by reduced spending on household items and furniture as high living costs have reduced consumers' disposable income. In these slow market conditions, Ekornes' revenue so far this year has declined versus last year. However, third quarter sales varied widely between regions, with Norway and the UK delivering solid performances while the rest of Europe was slower. North America and the Asia-Pacific region posted decent sales, although with large variations across markets. Sales of the premium Stressless® and Svane® brands proved more resilient during the quarter, while IMG sales saw a decline.

Facing lower post-pandemic activity, Ekornes has adapted during recent years financially and operationally. This includes streamlining of the organization, stringent cost control and portfolio adjustments. Combined with a favourable quarterly product mix, driven by targeted marketing campaigns focusing on high-margin products, profitability has improved from the first half of 2024. .

Targeted marketing initiatives and a proactive outreach have further supported an increased order intake for the third quarter, which particularly saw an uptick during September. The trend continued in the first weeks of the fourth quarter, indicating a slight improvement despite a continued challenging market outlook. With an increased order reserve, the Group has a more robust position heading into the historically stronger fourth quarter.

On 29 September, the hurricane "Helene" swept through North Carolina in the US and flooded the Morganton community where Ekornes has an assembly facility for Stressless® sofas, located one hour east of Asheville. Due to water damage, inventory valued at NOK 39 million has been included as an insurance claim at the end of the third quarter with no cash effect. The factory is expected to be closed for between four to eight weeks of the fourth quarter pending restoration. Addressing the situation, Ekornes has redirected sofa orders to its Norwegian production facilities by increasing capacity there. However, this will increase the lead times of Stressless® sofas orders and may impact fourth quarter revenues as certain deliveries are delayed into 2025.

Ekornes' financial position remains solid, where profitability supported the leverage ratio declining in line with the company's bond covenants. As at the end of the third quarter, Ekornes' cash holdings stood at NOK 832 million, ensuring sound liquidity and financial flexibility.

With over 90 years of innovation and industrial growth,

Ekornes continues to demonstrate a resilient business model also in times with softer market conditions. As markets for furniture and household goods remain volatile, Ekornes' strong brands and extensive global presence have delivered a robust performance. While modernizing organizational structures and maximizing supply chain efficiency, the Group remains committed to developing its brands and delivering relevant products with exquisite quality to consumers worldwide.



Company history and ownership

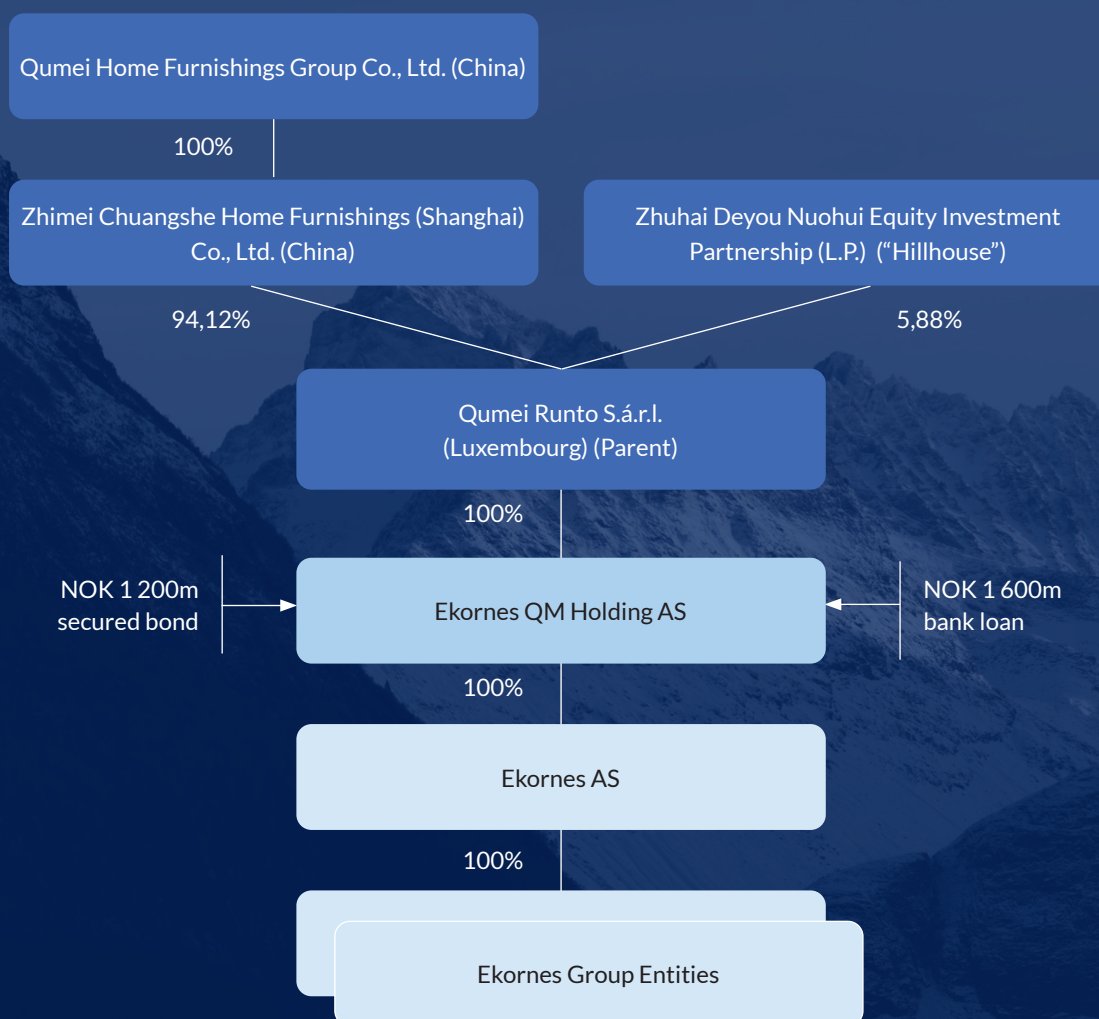
Ekornes QM Holding AS was founded 4 January 2018 with the purpose of acquiring the Ekornes Group. In May 2018, an offer was made to purchase the shares of all Ekornes shareholders. The share purchase was completed in August 2018 and Ekornes AS was delisted from the Oslo Stock Exchange in October 2018.

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 September 2024.

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



Key figures

		Q3 2024	Q3 2023	Q2 2024	YTD Q3 2024	YTD Q3 2023	Y2023
Gross operating revenue	MNOK	852,3	953,4	975,1	2 800,8	3 095,0	4 219,0
Stressless®	MNOK	622,5	672,1	725,6	2 078,0	2 312,4	3 141,6
IMG	MNOK	173,5	224,0	190,3	546,1	599,7	824,5
Svane®	MNOK	56,3	57,3	59,2	176,6	182,9	252,9
Gross operating earnings (EBITDA)	MNOK	115,3	173,7	131,6	284,4	285,7	428,9
Operating earnings (EBIT)	MNOK	36,7	92,6	53,3	50,2	44,8	104,9
Operating margin (EBIT)	%	4,3%	9,7%	5,5%	1,8%	1,4%	2,5%
Earnings before tax (EBT)	MNOK	-4,1	4,4	-1,6	-107,6	-150,9	-143,8
Net earnings	MNOK	-2,1	6,8	-0,1	-80,6	-114,4	-140,5
Net interest-bearing Debt (NIBD)	MNOK	1 903,9	2 064,8	1 886,3	1 903,9	2 064,8	1 964,7
Cash and Bank deposits end of period	MNOK	832,1	717,2	881,7	832,1	717,2	835,3

FINANCIAL REVIEW

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

THIRD QUARTER FINANCIAL REVIEW

Third quarter 2024 operating revenues came in at NOK 852 million, down 11% from the third quarter 2023. The reduction reflects lower demand and weaker consumer purchasing power due to increased general living expenses. The decline from last year is larger in terms of volume as prices have increased. Compared to the previous quarter, revenues fell 13%, reflecting lower seasonal sales during European summer holidays.

Revenues from the Stressless® segment, representing some 73% of Group revenues, were NOK 623 million, a decrease of 7% from the third quarter 2023, mainly due to a continued weak market development in Central and Southern Europe. Revenues from IMG fell by 23% to NOK 173 million on lower order intake for the first nine months 2024 compared to the corresponding period 2023, particularly in North America and the Asia-Pacific region. Svane® revenues were marginally down 2% from last year, where product portfolio optimization has supported sales and margins. See note 2 in the financial statements for more information on segments.

Cost of goods sold amounted to NOK 244 million (312) during the quarter, a reduction of 22% from the corresponding period last year. The cost of goods sold was 29% of operating revenues during the quarter, down four percentage points from the corresponding period last year and the lowest since the second quarter 2021. The improvement is driven by a favourable product mix, price increases materializing and by lower material costs.

Payroll expenses decreased by 5% to NOK 235 million (248), mainly reflecting reduced production capacity and organisational streamlining. Other operating expenses came in at NOK 239 million (245), marginally down from last year as transportation and marketing costs have remained stable. Volatility in global shipping rates remains high. However, increased freight costs in the Asia-Pacific region have been offset by favourable fixed rates in Europe, limiting the impact for Ekornes.

Net other losses amounted to NOK 18 million during the quarter, mainly related to unrealized losses on currency forward contracts. This compares to a net gain of NOK 24 million in the third quarter 2023. See note 3 in the financial statements for more information.

Total operating expenses for the period ended at NOK 816 million, down 5% from NOK 861 million in the third quarter 2023. Compared to the previous quarter, operating expenses declined by 12%.

Operating earnings (EBIT) for the quarter were NOK 37 million (93), corresponding to an EBIT margin of 4.3%. This compares to 9.7% in the third quarter 2023 and 5.5% in the previous quarter. The decline from last year mainly reflects lower revenues and currency forward contracts yielding an unrealized quarterly loss compared to an unrealized gain in the same period in 2023. Direct expenses related to production have declined as a result of implemented initiatives such as consolidation of operations, reduced production capacity and sharpening of the product portfolio. This has supported margins alongside lower material costs.

Key figures

Net financial items for the quarter were negative NOK 41 million (-88), reflecting financial expenses of NOK 99 million (88), partly offset by financial income of NOK 36 million (24) and net gains on foreign exchange of NOK 22 million (-25).

Earnings before tax for the third quarter 2024 ended at negative NOK 4 million, compared to positive NOK 4 million in the third quarter 2023. Tax benefit for the period is calculated at NOK 2 million, resulting in a net loss for the quarter of NOK 2 million. This compared to a net profit of NOK 7 million in the third quarter 2023.

FIRST NINE MONTHS 2024 FINANCIAL REVIEW

For the first nine months of 2024, Ekorner generated operating revenues of NOK 2 801 million (3 095). The decline of 10% compared to the same period in 2023 largely reflects weaker consumer spending on household items and furniture as the overall cost of living has risen. The reduction in revenues was partly offset by increased product prices and growing sales for the dining segment and power products.

Underlying revenue from the Stressless® segment was NOK 2 078 million (2 312), revenue from IMG was NOK 546 million (600), while revenue from Svane® amounted to NOK 177 million (183).

Due to capacity rightsizing, payroll expenses ended at NOK 853 million during the period, down from NOK 892 million for

the first nine months of 2023. Cost of goods sold decreased to NOK 845 million from NOK 1 071 million the year before. Other operating expenses, including sales and marketing costs, ended at NOK 771 million, compared to NOK 792 million in the first nine months of 2023.

The first nine months of 2024 also included restructuring costs of NOK 28 million related to streamlining of operations and capacity adjustments, compared to NOK 32 million in the corresponding period in 2023.

Operating earnings (EBIT) year-to-date in 2024 came in at NOK 50 million, up from NOK 45 million in the first nine months of 2023. The increase is mainly attributable to the improvement initiatives taken across operations.

Net financial items were negative at NOK 158 million (-196), driven by financial expenses of NOK 295 million (286).

Earnings before tax for the first nine months of the year were negative at NOK 108 million (-151). Tax benefit for the first nine months is calculated at NOK 27 million compared to NOK 37 million in the same period in 2023. This gave a net loss of NOK 81 million compared to a net loss of NOK 114 million for the first nine months of 2023.



Order receipts and order reserve

		Q3 2024	Q3 2023	Q2 2024	YTD Q3 2024	YTD Q3 2023	Y2023	Change YTD Q3 2024 / Change YTD Q3 2023
Order receipts	MNOK	888,8	875,6	864,9	2 833,3	3 016,8	3 986,7	-6%
Order reserve	MNOK	480,1	637,3	450,7	480,1	637,3	467,8	-25%

Order receipts in the third quarter 2024 amounted to NOK 889 million, up 1% from NOK 876 million in the third quarter 2023. Compared to the second quarter 2024, order receipts increased by 3%.

As at 30 September 2024, Ekornes' combined order reserve was NOK 480 million, down 25% from NOK 637 million at the end of the third quarter 2023. Order reserve at the end of the previous quarter stood at NOK 451 million.

Balance Sheet

		30.9.2024	30.9.2023	30.6.2024	31.12.2023
Working capital*	MNOK	981,3	1 171,4	1 062,9	1 061,2
Bank deposits	MNOK	832,1	717,2	881,7	835,3
Total assets	MNOK	7 911,8	8 054,5	7 961,1	7 959,8
Interest-bearing loans	MNOK	2 736,0	2 800,0	2 768,0	2 800,0
Total liabilities including held for sales	MNOK	4 299,2	4 360,0	4 361,3	4 343,6
Equity	MNOK	3 612,5	3 694,5	3 599,8	3 616,2
Equity ratio	%	45,7%	45,9%	45,2%	45,4%
Value of forward contracts	MNOK	-9,3	-10,0	4,1	20,7
Net interest-bearing Debt (NIBD)	MNOK	1 903,9	2 082,8	1 886,3	1 964,7

* Working capital = trade receivables + inventory – trade payables

As at 30 September 2024, Ekornes had total assets of NOK 7 912 million, slightly down from NOK 7 961 million three months earlier. The decrease mainly follows lower cash holdings and reduced non-current liabilities from the paid instalment on bank debt.

Total equity was NOK 3 613 million at the end of the quarter. This corresponds to an equity ratio of 46%, up from 45% three months earlier.

Total interest-bearing debt at the end of the period amounted to NOK 2 736 million (excluding capitalization), down NOK 32 million from the previous quarter, equal to the 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 1.2 billion bond loan and a NOK 1.54 billion 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. See note 6 for more information.

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 5.25 at the end of the third quarter 2024. The maximum allowed leverage ratio has a gradual step-down mechanism from 5.5 towards 4.5 by the end of first quarter 2025 and 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 the company is currently not in position to distribute any dividends.

As of 30 September 2024, Ekornes was compliant with all covenant requirements in the bond agreement. The leverage ratio at the end of the third quarter 2024 was 4,64, well within the maximum allowed.

Cash flow

		Q3 2024	Q3 2023	Q2 2024	YTD Q3 2024	YTD Q3 2023	Y2023
Net cash flow from operating activities	MNOK	25,7	94,4	78,8	163,3	297,3	452,2
Net cash flow from investing activities	MNOK	-26,7	-12,1	-16,4	-53,0	-55,7	-67,5
Net cash flow from financing activities	MNOK	-50,1	-16,4	-50,3	-117,8	46,7	22,9
Change in net cash & cash equivalents	MNOK	-51,1	65,9	12,1	-7,5	288,3	407,6
Effect of exchange gains / (losses) on cash and cash equivalents	MNOK	1,4	0,5	4,8	4,3	0,0	-1,1
Net cash & cash equivalents at the start of the period	MNOK	881,7	650,7	864,8	835,3	428,9	428,9
Net cash & cash equivalents at the close of the period	MNOK	832,1	717,2	881,7	832,1	717,2	835,3

Net cash flow from operating activities in the third quarter 2024 was NOK 26 million compared to NOK 94 million in the same period in 2023. The decrease reflects lower released working capital from inventory reductions compared to last year.

Third quarter EBITDA was NOK 115 million while working capital decreased by NOK 82 million. Operating cash flow was reduced by NOK 127 million from changes in other time limited records, mainly related to payout of holiday allowances, employee taxes and paid insurance policies. The figure also includes an insurance claim of NOK 39 million related to damaged goods at Ekornes' production facility in North Carolina. The latter has no cash effect as inventory had an equal reduction.

For the first nine months 2024, net cash flow from operating activities amounted to NOK 163 million, down 45% from NOK 297 million in the corresponding period of 2023. In 2023, Ekornes significantly reduced inventory in response to slower post-pandemic sales. Further inventory reductions and portfolio optimization will take longer to materialize.

Net cash flow from investing activities was negative NOK 27 million in the quarter (-12), all related to investments in day-to-day operations, and the increase following investments picking up from extraordinary low levels. As part of the initiatives to safeguard operations through times of softer market conditions, Ekornes reduced investments during 2023

and the first half 2024 to ensure adequate cash flow generation.

The investment level is expected to continue its gradual increase to modernize the organization and develop production facilities, while maintaining strict prioritisation under continued challenging market conditions. For the first nine months of the year, cash outflow from investing activities amounted to NOK 53 million, compared to an outflow of NOK 56 million for the corresponding period in 2023.

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

Net change in cash and cash equivalents was negative NOK 51 million during the quarter and the effect of exchange rate gains was positive at NOK 4 million. This resulted in a strong cash position of NOK 832 million as at 30 September 2024, compared to NOK 717 million 12 months earlier and NOK 882 million at the end of the second 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

Most Nordic consumer markets showed a positive trend during the third quarter as the effect of lower consumer purchasing power from increased interest rates seems to be levelling out. Central banks in Sweden and Denmark have started to cut interest rates, with Norway expected to follow in 2025. This has fuelled optimism among consumers, increasing footfall in stores, particularly in Norway and Denmark. Combined with good results from campaign activities, particularly for Stressless® recliners and dining products, order intake has seen an uptick in these markets. Finland, on the other hand, remains the exception as sales continued to decline in the quarter. Entering the fourth quarter, the positive trend in the Nordics is expected to continue, supported by product launches for recliners, planned campaigns and updated ranges on store displays during the peak Christmas season.

EUROPE

In Europe, consumer sentiment remained volatile with large variations between markets. Central Europe, and particularly Germany, has been weak with a soft consumer market outlook in 2024 as the country faces a recession for the second year in a row. With the number of bankruptcies increasing and companies holding back investments, store traffic remained low in the third quarter, impacting sales negatively. However, well-known brands are holding up better and Stressless® has gained market share in a declining market. IMG on the other hand has seen a decline, and initiatives are ongoing to reposition the brand and widen the distribution network.

The UK, meanwhile, continued its positive trend from the previous quarter as Ekornes' focused distribution policy with selective partners and targeted promotion activities supported sales. In general, cooling inflation has supported spending power and British retail sales grew for the third month in a row in September. Utilizing the momentum, the focused promotional campaigns continue and Stressless® has scheduled a large furniture fair for November to boost winter sales.

NORTH AMERICA

North America experienced a decent quarter, although with volatile sales as summer vacation in August limited store traffic before activity picked up considerably in September.

Retail sectors in the US have started to slightly recover, but the furniture industry seems to be lagging. Third quarter sales in the region were also impacted by operational issues with certain power products, where corrective measures have been implemented and replacement products are being rolled out. For the coming period, the focus lies on driving sales and launching product updates for the ongoing High Point fair in late October, one of the world's largest home furnishing trade shows.

ASIA-PACIFIC

Australia delivered another solid quarter, with order intake year-to-date growing healthily from last year. The development was supported by successful winter campaigns and an optimized digital marketing strategy, including Stressless® commercials featured on Australia's second largest TV network. New Zealand also performed well, with branded furniture selling well through the largest retailers.

In Japan, the general furniture market has been slow since the start of last year, with fewer store visitors. However, domestic consumption shows signs of recovering from inflation effects in the quarter and order intake has improved from last year driven by orders from larger department stores and regional chains. Stressless® chairs were the main growth drivers, but dining products and certain IMG products have responded positively to promotions.

China remained subdued from the national economic slowdown, largely due to a struggling real estate industry. Large furniture malls have seen traffic declining sharply from last year and consumers are reluctant to make larger purchases. With retailers still digesting large inventories from the very strong fourth quarter 2023, these slow market conditions continued to impact third quarter sales for Ekornes. Even so, orders have recovered slightly from the weak first half 2024 and several marketing initiatives and store openings are planned in the fourth quarter. Chinese authorities have also launched comprehensive stimulus measures including interest rate cuts and support for the real estate market to battle the economic slowdown, positively impacting the longer-term outlook for the furniture sector.

Outlook

During the third quarter, sales volume remained subdued with high volatility and variations between markets. However, order intake was slightly up from both last year and the previous quarter, where particularly September saw an uptick. With the trend continuing into the fourth quarter, the Group expects activity to gradually improve during the historically strong selling fourth quarter.

Ekornes has a solid financial position, where profitability has supported the leverage ratio declining in line with the company's bond covenant. Heading into the fourth quarter, the Group expects a continued positive trend for profitability supported by efficient operations and continued cost control.

Through times of challenging market conditions, Ekornes has proven resilience and maintained profitability through stringent cost control, price increases and a product mix optimisation. However, succeeding in current markets requires the organization to excel and the company is

intensifying its strategic efforts to optimise operations and maximize efficiency across the supply chain.

As part of the organizational development, the Group is working actively to secure the right competence for the future. As earlier announced, Ekornes has streamlined its executive management team, which became effective during the third quarter. The company has further strengthened the team through the appointment of Henrik Bodekær Thomsen as Chief Commercial Officer, taking position from February 2025. Thomsen will lead all sales operations globally and brings extensive experience from competitive global retail, supporting Ekornes in elevating consumer appeal further.

Going forward, Ekornes will continue to optimize the organization and reallocate resources and capital to modernize its unique brands and products, supporting long-term sustainable growth.



H & S

As at 30 September 2024, Ekornes employed a total of 2 485 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 2 lost-time injuries in the third quarter

2024. This gives an H1-value for the period of 1,8 compared to 3,4 the same period the year before.

The Group had a sickness absence rate of 3,9% in Q3 2024, compared to 3,6% in Q3 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, with overall higher prices and increased interest rates constraining consumer finances, shifting spending away from home refurbishing and furniture. As a result, Ekornes faces 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 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.

Ending the third quarter, Ekornes' combined order reserve was down 25% from the end of the third quarter 2023, but order receipts during the quarter were slightly up both from the previous and the corresponding quarter in 2023, indicating a somewhat improving market sentiment. However, demand for Ekornes' products is continuously fluctuating and with market visibility still low, the Group is monitoring the situation closely considering relevant measures and mitigating actions beyond those outlined above may be introduced.

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/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 we received in July a depositum of 20% of the gross proceeds of USD 8,0 from both buyers. We have in October received the second depositum of 60% of the gross proceeds of USD 8,0 from both buyers. The sales process is expected to be completed during the first quarter 2025 and

we will receive the last 20% of the purchase price when the sales contract is signed by all parties.

See note 7 in the financial statements for more information on the assets which were held for sale as at the end of the third 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.

Oslo, October 30th 2024
The board of Ekornes QM Holding AS

Ruihai Zhao
Chair

Mogens Falsig
Director and CEO



Consolidated income statement

(Figures in MNOK)	Note	Q3 2024	Q3 2023	Q2 2024	YTD Q3 2024	YTD Q3 2023	Y2023
Gross operating revenue	2	852,3	953,4	975,1	2 800,8	3 095,0	4 219,0
Cost of goods sold		244,3	311,6	288,1	844,9	1 070,9	1 480,7
Payroll expenses		235,3	247,7	313,1	852,6	891,9	1 170,8
Depreciation and write downs	5	78,6	81,1	78,2	234,2	240,9	324,0
Other operating expenses		239,0	244,8	256,1	771,0	791,5	1 104,6
Net other losses (gains)	3	18,4	-24,3	-13,8	47,9	54,9	33,9
Total operating expenses		815,6	860,8	921,8	2 750,6	3 050,2	4 114,1
Operating earnings (EBIT)		36,7	92,6	53,3	50,2	44,8	104,9
Financial income		36,0	24,3	34,3	101,5	58,3	92,0
Net gains (losses) on foreign exchange		22,2	-24,9	8,8	35,6	32,5	44,8
Financial expenses		99,1	87,6	98,1	294,9	286,5	385,5
Net financial items		-40,9	-88,2	-55,0	-157,8	-195,7	-248,7
Earnings before tax (EBT)		-4,1	4,4	-1,6	-107,6	-150,9	-143,8
Calculated tax cost (Income)		2,0	-2,4	1,5	27,0	-36,5	-3,3
Net earnings		-2,1	6,8	-0,1	-80,6	-114,4	-140,5
Earnings per share		-70,8	226,5	-3,5	-2 685,8	-3 812,9	-4 683,6
Earnings per share (diluted)		-70,8	226,5	-3,5	-2 685,8	-3 812,9	-4 683,6

Consolidated statement of comprehensive income

(Figures in MNOK)	Note	Q3 2024	Q3 2023	Q2 2024	YTD Q3 2024	YTD Q3 2023	Y2023
Net earnings		-2,1	6,8	-0,1	-80,6	-114,4	-140,5
Other income and expenses:							
Items which can be recl. to earnings and loss:							
Translation differences	5	14,9	-35,0	-16,2	76,9	101,1	48,8
Total other income and expenses		14,9	-35,0	-16,2	76,9	101,1	48,8
Total comprehensive income		12,8	-28,2	-16,3	-3,7	-13,3	-91,7

Consolidated balance sheets

(Figures in MNOK)	Note	30.9.2024	30.9.2023	30.6.2024	31.12.2023
ASSETS					
Non-current assets					
Buildings and sites		883,7	925,1	873,0	897,8
Machinery and equipment		193,3	240,4	205,4	231,3
Operating movables and fixtures		21,0	25,5	21,1	24,3
Assets under construction		23,1	22,6	23,4	21,0
Right-of-use assets		187,5	218,5	194,7	208,7
Total property, plant & equipment		1 308,6	1 432,0	1 317,6	1 383,1
Software and licenses		66,4	51,2	61,2	50,1
Brand name	5	1 409,0	1 449,7	1 419,2	1 439,5
Goodwill	5	1 561,1	1 561,1	1 561,1	1 561,1
Customer relations	5	1 166,8	1 224,1	1 178,4	1 175,5
Deferred tax assets		184,6	130,9	167,3	129,7
Total non-current intangible assets		4 388,0	4 417,0	4 387,2	4 355,9
Other receivables and investments		27,6	24,7	27,4	24,3
Total non-current financial assets		27,6	24,7	27,4	24,3
Non-current assets classified as held for sale	7	16,0	0,0	16,0	16,3
Total non-current assets		5 740,2	5 873,6	5 748,1	5 780,0
Current assets					
Inventory		678,5	863,6	692,5	715,5
Trade receivables		495,3	483,5	549,4	517,8
Value of forward contracts	3	0,0	0,0	4,1	20,7
Other short-term receivables		165,7	116,6	85,3	90,3
Cash and bank deposits		832,1	717,2	881,7	835,3
Total current assets		2 171,6	2 180,9	2 212,9	2 179,7
TOTAL ASSETS		7 911,8	8 054,5	7 961,1	7 959,8

Consolidated balance sheets

(Figures in MNOK)	Note	30.9.2024	30.9.2023	30.6.2024	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		319,0	294,3	304,1	242,1
Other equity		134,1	240,8	136,2	214,7
Total retained earnings		453,1	535,1	440,3	456,7
Total equity		3 612,5	3 694,5	3 599,8	3 616,2
Non-current liabilities					
Pension liabilities		8,2	7,7	7,2	7,1
Provisions		5,0	3,9	4,3	5,5
Deferred tax		761,1	786,0	767,3	773,7
Lease liabilities		143,7	174,1	150,4	164,6
Interest-bearing debt - Bond	6	1 192,2	1 188,3	1 190,7	1 187,7
Interest-bearing debt - Bank	6	1 405,7	1 593,7	1 436,8	1 498,9
Total non-current liabilities		3 515,9	3 753,6	3 556,7	3 637,5
Current liabilities					
Trade payables		192,5	175,8	179,0	172,1
Public charges payable		46,7	52,9	71,2	59,9
Tax payable		14,8	13,1	4,4	33,8
Forward currency contracts	3	9,3	10,0	0,0	0,0
Interest-bearing debt - Bank	6	128,0	0,0	128,0	96,0
Lease liabilities		62,1	61,3	62,4	61,4
Other current liabilities		328,8	293,3	358,5	281,7
Total current liabilities		803,5	606,4	803,5	704,9
Total liabilities		4 298,1	4 360,0	4 360,1	4 342,4
Liabilities classified as held for sale	7	1,1	0,0	1,2	1,2
TOTAL EQUITY AND LIABILITIES		7 911,8	8 054,5	7 961,1	7 959,8

Consolidated statement of cash flows

(Figures in MNOK)	Note	Q3 2024	Q3 2023	Q2 2024	YTD Q3 2024	YTD Q3 2023	Y2023
Cash flows from operating activities							
Earnings before tax (EBT)		-4,1	4,4	-1,6	-107,6	-150,9	-143,8
Tax paid for the period		-3,3	-18,9	-7,9	-13,0	-43,4	-46,7
Depreciation and write downs		78,6	81,1	78,2	234,2	240,9	324,0
Change in inventory		14,0	84,6	12,7	37,0	333,6	481,6
Change in trade receivables		54,1	42,0	-12,2	22,5	-9,3	-43,5
Change in trade payables		13,5	16,0	-24,5	20,5	-14,1	-17,8
Change in other time limited records		-127,0	-114,8	34,2	-30,3	-59,4	-101,6
Net cash flow from operating activities		25,7	94,4	78,8	163,3	297,3	452,2
Cash flows from investing activities							
Proceeds from sale of PP&E		0,0	0,1	2,3	2,3	0,8	0,8
Payments for purchase of PP&E		-26,7	-12,2	-18,7	-55,3	-56,4	-68,2
Net Cash flows from investing activities		-26,7	-12,1	-16,4	-53,0	-55,7	-67,5
Cash flows from financing activities							
Payment of lease liabilities		-18,1	-16,4	-18,3	-53,8	-47,8	-71,6
Proceeds from issue of share capital		0,0	0,0	0,0	0,0	352,0	352,0
Proceeds from bond borrowings	6	0,0	0,0	0,0	0,0	1 200,0	1 200,0
Repayment of bond borrowings	6	0,0	0,0	0,0	0,0	-2 020,0	-2 020,0
Proceeds from bank borrowings	6	0,0	0,0	0,0	0,0	1 600,0	1 600,0
Repayment of bank borrowings	6	-32,0	0,0	-32,0	-64,0	-1 037,5	-1 037,5
Net cash flow from financing activities		-50,1	-16,4	-50,3	-117,8	46,7	79,0
Change in net cash & cash equivalents		-51,1	65,9	12,1	-7,5	288,3	407,6
Effect of exchange gains / (losses) on cash and cash equivalents		1,4	0,5	4,8	4,3	0,0	-1,1
Net cash & cash equivalents at the start of the period		881,7	650,7	864,8	835,3	428,9	428,9
Net cash & cash equivalents at the close of the period		832,1	717,2	881,7	832,1	717,2	835,3
Restricted cash at the end of the period*		14,0	15,2	28,0	14,0	15,2	21,9
Unrestricted cash at the end of the period		818,1	702,0	853,7	818,1	702,0	813,4

*In the statement of cash flow, cash and bank deposits are recognized as cash. The restricted cash on 30 September 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	-80,6	-80,6
Other comprehensive income	0,0	0,0	76,9	0,0	76,9
Equity 30.9.2024	0,2	3 159,3	319,0	134,1	3 612,5

Notes to the consolidated financial statements

NOTE 1 Accounting principles

The consolidated financial statements for the third quarter 2024, closed as at 30 September 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)	Q3 2024	Q3 2023	Q2 2024	YTD Q3 2024	YTD Q3 2023	Y2023
Revenues per segment						
Stressless®	622,5	672,1	725,6	2 078,0	2 312,4	3 141,6
IMG	173,5	224,0	190,3	546,1	599,7	824,5
Svane®	56,3	57,3	59,2	176,6	182,9	252,9
Total	852,3	953,4	975,1	2 800,8	3 095,0	4 219,0
EBITDA per segment						
Stressless®	75,2	136,0	95,2	184,9	198,5	322,1
IMG	32,3	31,1	31,2	85,3	83,9	102,0
Svane®	8,4	7,1	5,2	16,5	5,5	8,3
Other*	-0,6	-0,5	0,0	-2,4	-2,2	-3,4
Total	115,3	173,7	131,6	284,4	285,7	428,9
EBIT per segment						
Stressless®	19,2	78,2	39,2	17,8	27,6	91,4
IMG	10,3	8,7	9,6	20,3	16,2	11,7
Svane®	7,8	6,3	4,6	14,6	3,1	5,2
Other*	-0,6	-0,5	0,0	-2,4	-2,2	-3,4
Total	36,7	92,6	53,3	50,2	44,8	104,9
Operating revenues by market						
Norway	114,5	103,9	127,3	360,7	344,1	490,0
Other Nordic	34,8	36,3	41,1	117,6	127,9	165,8
Central Europe	107,6	123,7	177,2	463,8	542,2	726,5
Southern Europe	41,5	49,4	58,0	164,3	205,9	279,1
United Kingdom/Ireland	80,1	42,3	84,0	239,8	208,4	321,9
USA/Canada/Mexico	311,3	420,3	347,2	1 016,7	1 164,5	1 499,9
Japan	30,8	29,9	25,0	77,9	92,7	129,5
Australia	81,2	77,9	76,0	226,3	234,6	308,7
China	23,7	40,1	14,5	51,9	96,8	180,0
Other Markets	26,8	29,7	24,8	81,7	77,9	117,6
Total	852,3	953,4	975,1	2 800,8	3 095,0	4 219,0

* Other 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 third quarter, these contracts resulted in a NOK5,1 million in realised loss and unrealised loss of 13,4 million. All contracts that are open as at 30 September 2024 fall due for payment in the next 12 months. As at 30 September 2024, the market value of existing forward currency contracts came to negative NOK 9,3 million.

(Figures in MNOK)

Total net other gains/(losses) comprises:	Q3 2024	Q3 2023	YTD Q3 2024	YTD Q3 2023
Realised gains/(losses) on new forward contracts	-5,1	-8,6	-17,9	-47,6
Change in value of realised and unrealised contracts	-13,4	33,0	-30,0	-7,4
Net other gains/(losses)	-18,4	24,3	-47,9	-54,9

The following forward contracts was realized in YTD Q3 2024:

Currency	Volume in Currency (Million)	Average exchange rate (in NOK)
AUD	16,5	6,96
DKK	39,2	1,54
EUR	32,3	11,38
GBP	8,1	12,39
USD	24,2	10,51

NOTE 4 No. of employees

	30.9.2024	30.9.2023	30.6.2024	31.12.2023
Employees in Norway	979	1 018	992	1 011
Employees abroad	1 506	1 762	1 543	1 773
Total	2 485	2 780	2 535	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	30,5	0,0	52,1	82,6
Accumulated depreciation 30.9.2024	247,4	0,0	384,0	631,4
Accumulated currency translation differences 1.1.2024	0,0	0,0	205,1	205,1
Currency translation differences in 2024	0,0	0,0	43,4	43,4
Accumulated currency translation 30.9.2024	0,0	0,0	248,5	248,5
Book value 30.9.2024	1 409,0	1 561,1	1 166,8	4 136,9
Split per segment				
Stressless®	1 234,0	676,6	757,2	2 667,9
IMG	175,0	884,5	409,6	1 469,1
Book value 30.9.2024	1 409,0	1 561,1	1 166,8	4 136,9

(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 September 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 in June 2024 and second instalment i September 2024.. Interest expenses are paid quarterly. Final maturity in March 2026. NOK 128 million are classified as short term borrowing 30. September 2024.

Since the refinancing and as at 30 September 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 September 2024.

Senior Secured Bond at 30 September 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) 5.25:1 for the Relevant Period ending on 30 September 2024
- (ii) 4.75:1 for the Relevant Period ending on 31 December 2024 and
- (iii) 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 September 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 2 110,8 million at 30 Septmber 2024 and 12-month rolling adjusted EBITDA is NOK 455,2 million . Ekornes had one-offs of MNOK 28,3 YTD 2024 (Mainly in payroll), with one-offs of MNOK 0,0 in Q3 2024. The leverage ratio at the end of the third quarter 2024 was 4,64 well below the maximum allowed of 5,25 at 30 September 2024.

Voluntary early redemption - Call Option

Ekornes Qm Holding AS may redeem all or parts of the Outstanding Bonds (the "Call Option") on any Business Day from and including:

Time	Call price
Before 10 March 2025	108,46 %
Between 10 March 2025 and 10 Sept 2025	105,64 %
Between 10 Sept 2025 and 10 March 2026	102,82 %
After 10 March 2026 but before maturity	101,41 %
Maturity	100,00 %

in each case, plus accrued and unpaid interest on the redeemed Bonds.

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 30.9.2024. See status under “Events after the balance sheet Date”.

NOTE 8 Shares and sole shareholder

As of 30 September 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 September 2024.

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

The board has been granted no authorizations.





EKORNES®

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